Annual Report 2021

Annual Report for the year ended 30 June 2021

InvestSMART Group Limited
ABN 62 111 772 359

INVESTSMART

www.investsmart.com.au
1300 880 160

OUR VISION

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.

COMPANY ADVANTAGE
UNIQUE PRODUCTS & ECOSYSTEM

Our proprietary wealth platform operates within a content and tools ecosystem

Platform

One Digital Platform

- Self-select, transact and manage multiple products and services
- Product & service delivery
- Administration and tax reporting

Investment products

InvestSMART Professionally Managed Account capped fees

Diversified ETF portfolios
Conservative, Balanced, Growth, High Growth

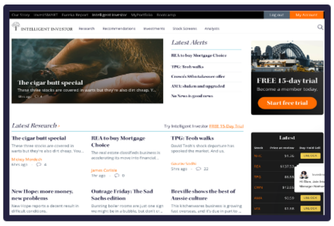
Single Asset Class ETF portfolios
Interest Income, Hybrid Income, International Equities, Property and Infrastructure

Intelligent Investor Active ETFs – ASX-listed variable fees

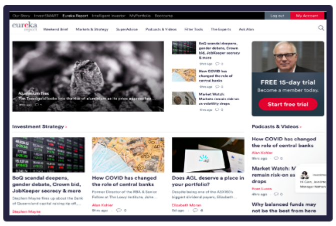
Australian Equity Income Fund (INIF)
Australian Equity Growth Fund (IIGF)
Ethical Share Fund (INES)

Content and tools

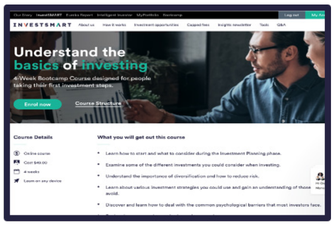
Intelligent Investor



Eureka Report



Bootcamp



Ambassadors

Paul Clitheroe, AM
Chairman

Effie Zahos
Non-Executive Director

Alan Kohler, AM
Editor-in-Chief

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CHAIRMAN AND MANAGING DIRECTOR'S REPORT

Dear Shareholders,

On behalf of the Directors we are pleased to announce the results for InvestSMART Group (The Group) for the financial year ended 30 June 2021.

	2021 $	2020 $
Funds management fees	1,456,246	900,213
Subscription income	4,883,208	4,350,653
Commissions income - Insurance	1,477,055	1,605,829
Commissions income - Fund Managers	594,225	3,689,240
Other Income	45,772	13,215
Total Income	8,456,506	10,559,150
Rebates paid	482,337	1,398,697
Employee costs	4,902,267	5,258,671
Marketing costs	720,026	635,962
Other operating expenses	2,869,802	2,809,156
Total Operating Expenses	8,974,432	10,102,486
Operating Profit/(Loss)	(517,926)	456,664

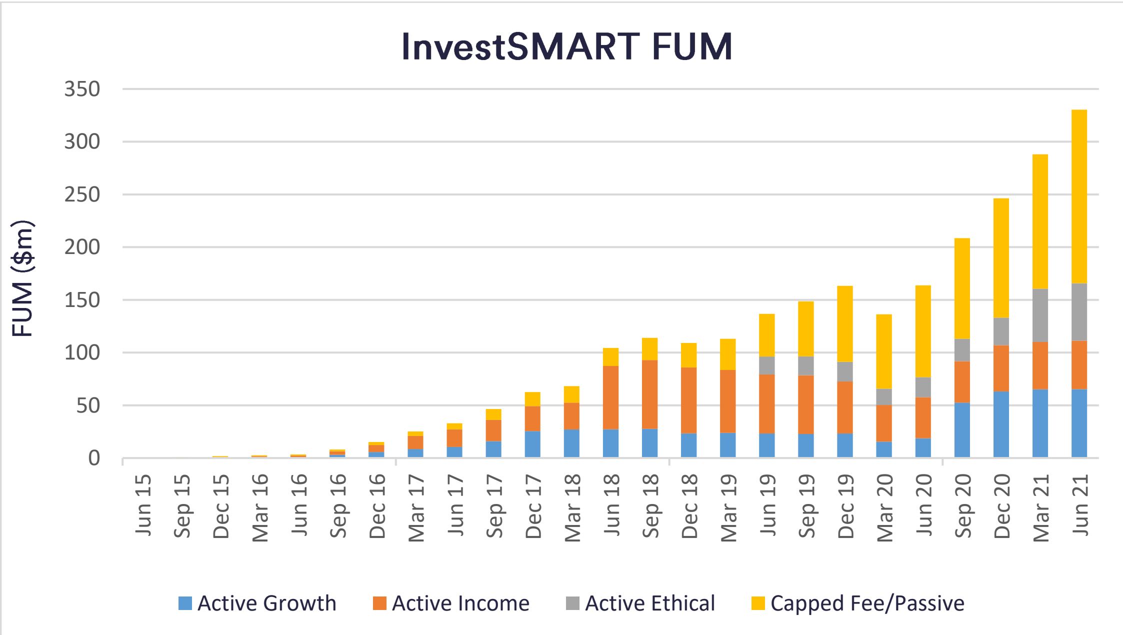
InvestSMART has built Australia's premier direct to investor wealth platform focused on digital investment advice with over 700,000 members. The core strategic goal of the business has been to pivot to a larger funds management business, driven by Australia's first capped fee funds and our bespoke Intelligent 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. In the June 2021 Financial Year:

- Funds under management grew by 101% to $330m
- Professionally Managed Accounts (PMA) grew by 106% to 1,572 accounts
- Funds Management Fees grew 62% to $1.46m
- Content-based Subscription Income grew 11.7% to $4.9m
- Subscribers grew 6.2% 10,811 paying subscribers

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.

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. The investor portfolio is registered under the investors unique HIN, giving the investor legal and beneficial ownership of the underlying securities. Total PMA accounts increased by 106% over the year to 1,572 accounts ($165m in FUM) as we see the validation of this unique model.

We launched our third active exchange traded fund, the Intelligent Investor Growth (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.



The *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. Subscription income increased by 12% to $4.88m.

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. 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.

UNIQUE ECOSYSTEM

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.

As a digital-first company with a unique, developed ecosystem and hundreds of thousands of do-it-yourself investors, we have a head start in the race. In 2021 we had over 14.5 million website pageviews by 6.7 million visits. Each visit spent 6.7 minutes on the website on average (non-bounce average visit duration). Servicing 704,000 prospective members, 10,811 subscribers, 8,413 FUM accounts and more than 130,000 free portfolio manager accounts monitoring close to $32billion in assets, InvestSMART is at the forefront of digital advice.

	Free Active Database	Total Member Portfolios	Value of assets held on Portfolio Manager ($bn)
Jun-16	546,980	63,014	$12.61
Jun-17	586,309	88,892	$20.09
Jun-18	637,024	109,472	$26.46
Jun-19	692,812	118,506	$28.56
Jun-20	677,514	123,930	$30.56
Jun-21	704,030	130,471	$31.65

CORPORATE GOVERNANCE

The InvestSMART Board is committed to achieving and demonstrating best practice standards of corporate governance with the Australian Stock Exchange (ASX) regulations. Our goal is to ensure we protect the rights and interests of all stakeholders and ensure the company is properly managed through the implementation of sound strategies and action plans.

We achieve this through good management and by supervising an integrated framework of controls over the company's resources to ensure our commitment to high standards of ethical behaviour.
In developing corporate governance policies and practices for the Group, the Company takes into account the Constitution of the Company (Constitution) and applicable legislation and standards, including:

- Corporations Act 2001 (Cth) (Corporations Act);
- Australian Securities Exchange Listing Rules (Listing Rules);
- Corporate Governance Principles and Recommendations, 4th Edition published by the ASX Corporate Governance Council (ASXCGC); and
- legislation governing Australian Financial Services Licences and other licences held by members of the Group.

A description of the company's corporate governance practices is set out in the Company's corporate governance statement which can be viewed at https://www.investsmart.com.au/shareholder-centre/governance. The 2021 corporate governance statement is dated 7 October 2021 and is approved by the Board. The statement reflects the corporate governance practices in place throughout the 2021 financial year.

Our remuneration report is enclosed in the annual report and outlines group remuneration policies, Board performance and the senior executive remuneration policies and compensation.

OUTLOOK

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.

We welcomed Effie Zahos to the Board as a non-executive director in November 2020. Effie is one of Australia's leading personal finance commentators with more than two decades of experience helping Australians make the most of their money.

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.

Directors' Report

The Directors present their report on InvestSMART Group Limited (the Company) and its subsidiaries (collectively the Group) for the financial year ended 30 June 2021.

Directors

The names and details of the Directors of the Company who held office during the year and at the date of this report (unless otherwise specified) are:

Paul Clitheroe AM *(Appointed Non-Executive Chairman 26 November 2014, appointed Executive Chairman 31 March 2015, reappointed Non-Executive Chairman 24 February 2016)*
Non-executive Chairman
Bachelor of Arts (UNSW), SNF Fin, CFP
Age 66

Paul Clitheroe was a founding director of leading financial planning firm ipac and has been involved in the investment industry since he graduated from the University of New South Wales in the late 1970s. From 1993 to 2002 Mr Clitheroe hosted the popular Channel 9 program *Money.* Since 1999 he has been the chairman and chief commentator of *Money* magazine. He writes personal finance columns for metropolitan, suburban and regional newspapers across Australia. Mr Clitheroe has been a media commentator and conference speaker for more than 30 years and is regarded as one of Australia's leading experts in the field of personal investment strategies and advice.

Mr Clitheroe is Chairman of Monash Absolute Investment Company Ltd (commenced: 20/01/2016) and previously a Director of Wealth Defender Equities Ltd (commenced: 27/01/2015, ceased: 22/10/2018), both ASX-listed investment companies. He is also Chairman of the Ensemble Theatre Foundation, Chairman of Ecstra (formerly Financial Literacy Australia) and Chairman of the youth anti-drink driving body, RADD. In 2012, Macquarie University appointed Mr Clitheroe as Chair of Financial Literacy. He is a Professor with the School of Business and Economics.

Michael Shepherd AO *(Appointed 1 March 2014)*
Lead Independent Non-Executive Director
Chairman of the Audit, Risk and Compliance Committee
Chairman of the Nomination and Remuneration Committee
SF Fin, MAICD
Age 71

Michael Shepherd has had a successful career in financial services over more than 40 years. He was a director of ASX Limited and group between 1988 and 2007, including a term as Vice-Chairman between 1993 and 2007. Mr Shepherd was also Chairman of the ASX Derivatives Board and Chairman of the ASX Market Rules Committee.

Mr Shepherd is currently Chairman of Navigator Global Investments Limited (a listed investment management company, commenced 16/12/2009) and a member of the Responsible Entity Compliance Committee of UBS Global Asset Management (Australia) Limited. He is also a Senior Fellow and Life Member, Financial Services Institute of Australasia, after being a director of that body between 2001 and 2009, including 2 years as National President.

Peter Ronald Hodge ***(Appointed 1 September 2015, appointed Managing Director 24 February 2016)***
Managing Director
BCom, BEcon, MSc, FFin, GAICD
Age 51

Ron Hodge was the founder of InvestSMART in 1999. Mr Hodge later sold this business to Fairfax Media in October 2007 where he continued as General Manager. He has worked in financial services for over 25 years, including at UBS in Singapore and Bell Commodities in Sydney. Mr Hodge holds a Masters degree in Computer Science, Bachelors Degree in Commerce, Bachelors Degree in Economics, a Graduate Diploma in Applied Finance and Investments and is a Graduate of the Australian Institute of Company Directors.

Effie Zahos ***(Appointed 11 November 2020)***
Independent Non-executive Director
BEcon
Age 51

Effie is one of Australia's leading personal finance commentators with more than two decades of experience helping Australians make the most of their money. A regular money expert on Channel 9's Today Show and on radio around Australia, Effie is also the author of The Great $20 Adventure, A Real Girl's Guide to Money and Ditch the Debt and Get Rich.

Effie was editor of Money magazine until 2019, having helped establish it in 1999 and is now Editor-at-Large of Canstar. Passionate about financial literacy, Effie sits on the board of directors for Ecstra, a not-for-profit organisation committed to building the financial capability of all Australians.

Effie holds a Bachelor of Economics Degree from the University of Queensland.

Kevin A Moore ***(Appointed 1 December 2017, Resigned 1 December 2020)***
Independent Non-executive Director
FAICD, MCIM, JP
Age 56

Kevin Moore has multinational board and governance experience, specialising in digital marketing, and is a Growth Director with a focus on $10 million to $100 million businesses. Mr Moore is a fellow of the Australian Institute of Company Directors and a Member of the Chartered Institute of Marketing. He holds a Diploma in International and Export Marketing from Henley, The Management College, at The University of Reading. Mr Moore was appointed to the Chair of Crossmark Asia Pacific in 2014.

Company Secretary

Catherine Teo was appointed Company Secretary and General Counsel on 12 February 2019. Ms Teo is a qualified lawyer, admitted in the Supreme Court of New South Wales and the High Court of Australia and has over ten years' experience as a corporate lawyer. Ms Teo resigned as Company Secretary on 25 February 2021 to commence maternity leave.

Martin Conley was appointed Company Secretary on 24 February 2021. Mr Conley has over 20 years of experience as a company secretary and corporate governance professional across large, dynamic and complex organisations.

Meetings of Directors

The number of Directors' Meetings (including Meetings of Committees of Directors) and number of Meetings attended by each of the Directors of the Company during the 2021 financial year were:

	Directors' Meetings		Meetings of Audit, Risk and Compliance Committee		Meetings of Nomination and Remuneration Committee		Meetings of Investment Committee	
	Meetings eligible to attend	Meetings attended	Meetings eligible to attend	Meetings attended	Meetings eligible to attend	Meetings attended	Meetings eligible to attend	Meetings attended
Paul Clitheroe	9	9	4	4	1	1	4	3
Ron Hodge	9	9	-	-	-	-	4	4
Michael Shepherd	9	8	4	4	1	1	-	-
Kevin Moore	4	4	-	-	-	-	-	-
Effie Zahos	5	5	-	-	-	-	2	2

Interests in the Securities of the Company

The relevant interests of each Director in the securities of the Company shown in the Register of Directors' Shareholdings as at the date of this report are:

Director	Ordinary Shares
Paul Clitheroe	5,000,000
Michael Shepherd	600,000
Peter Ronald Hodge	13,998,669
Effie Zahos	Nil
Kevin Moore	Nil

Directors are not required under the Company's constitution to hold any shares, options or any other securities in the Company. A portion of the shares held by Paul Clitheroe (2,666,667) and Ron Hodge (3,044,444) are subject to vesting conditions.

Interests in Contracts or Proposed Contracts with the Company

None of the Directors have an interest in, or proposed interests in, contracts with the Company, other than the loans to Mr Paul Clitheroe and Mr Ron Hodge as part of the Employee and Directors Share Plan (EDSP) as detailed below.

Review of operations

The table below shows the consolidated performance of the Group for the years ended 30 June 2021 and 30 June 2020. This information is presented to show the relative changes in operating income over the period.

	2021 $	2020 $
Funds management fees	1,456,246	900,213
Subscription income	4,883,208	4,350,653
Commission income - insurance	1,477,055	1,605,829
Commission income - funds	594,225	3,689,240
Other income	269,770	100,298
Change in fair value of financial assets at fair value through profit and loss	1,255,740	(33,181)
Total Income	**9,936,244**	**10,613,052**
Total expenses	**9,122,718**	**10,357,158**
Profit before income tax, amortisation, impairment and employee benefit expense	**813,526**	**255,894**
Amortisation of intangibles	867,241	1,764,435
Employee benefit expense	215,165	55,865
Intangibles impairment	-	451,118
Loss before income tax	**(268,880)**	**(2,015,524)**
Income tax benefit	304,658	679,866
Profit/(loss) for the year	**35,778**	**(1,335,658)**

Funds management fees increased by 62% compared to the prior year. Total funds under management increased from $164 million at 30 June 2020 to $330 million at 30 June 2021. Funds under management consists of Professionally Managed Accounts (portfolios of exchange traded funds under a capped fee model on the InvestSMART platform) and Intelligent Investor ASX listed Active Exchange Traded Funds. Subscription income from Intelligent Investor and Eureka Report grew 12% compared to the prior year. Funds management fees and subscription income are the focus area of the business moving forward.

The principal contributor to the overall decline in Revenue is commissions income from fund managers (declined 84% compared to prior year). Commissions income from fund managers decreased due to the cessation grandfathered commissions. The Treasury Laws Amendment (Ending Grandfather Conflicted Remuneration Remuneration) Bill 2019 removed grandfathering arrangements for commissions on funds management products and default insurance within superannuation from 1 January 2021. Several fund managers elected to cease payments of grandfathered commissions prior to the legislated deadline. Insurance commissions are not similarly affected as the majority of policies are outside superannuation.

Change in fair value of financial assets through profit and loss increased due to a revaluation of a venture capital investment. The value of the AWI Ventures Investments are based on Director's Valuations.

Total expenses decreased principally due to a reduction in rebates on commissions. In line with the early termination of commissions, the Group ceased rebates on commissions received from fund managers after 10 April 2020.

Amortisation and impairment of intangible assets decreased as intangibles related to commissions income from fund managers were valued at nil at 31 December 2020.

The Net Tangible Assets of the company increased to $4,833,530 at 30 June 2021 (2020: $4,047,201). Cash at bank increased to $6,483,167 (2020: $5,117,905). In May & June 2021 3,563 subscribers elected to renew prior to their usual renewal dates in FY2022. This resulted in an increase in Cash at bank in June 2021 with a corresponding increase in the Subscriptions in Advance liability.

The Group has substantial realised capital tax losses that have not been recognised in the financial statements as the Directors believe there are negligible opportunities to utilise those losses in the medium term.

Business strategies and prospects

The Group will continue to focus on increasing the conversion of users of free products on its website and mobile application to new subscribers and investors in its fund management products. The Group continues to offer free portfolio management services, free content, calculators, education and tools as part of the conversion and trust building process. Conversion of users increased over the course of FY2021. The Group will continue to focus marketing efforts on our products through targeted campaigns, digital advertising, search engine optimisation and media coverage.

Attrition rates for insurance commissions are expected to continue with a small portion affected by cessation of grandfathered commissions.

Significant Changes in State of Affairs

There were no significant changes in the Group affairs during the period.

Principal Activities

The principal activities of the Group during the year was the provision of financial services and products to retail investors in particular in the areas of funds management, wealth management and personal insurance.

Events Subsequent to Balance Date

Since 30 June 2021 an investee venture capital company completed a capital raise which provides evidence of conditions that existed at 30 June 2021. Financial assets at fair value through profit and loss have been adjusted to reflected the event.

There have been no other significant events since 30 June 2021 up to the date of this report.

Environmental regulation

The Group is not subject to any particular or significant environmental regulation under Australian Commonwealth or State Law.

Dividends

No dividend has been declared, recommended or paid for the financial year ended 30 June 2021 (2020: nil).

Earnings/loss per share

Basic earnings per share was 0.03 cents (2020: loss per share 1.20c), and diluted earnings per share was 0.00 cents, (2020: loss per share 1.20c).

Remuneration Report (Audited)

The Group's remuneration policy is designed to offer a remuneration structure that aligns management incentives with the interests of shareholders and attracts and retains employees and Directors who have extensive experience in the financial services industry and are knowledgeable in investment management best practice. Remuneration is reviewed at least annually by the Nomination and Remuneration committee, which consists of non-executive directors.

All Directors must have a commitment to good corporate governance. The primary role of the non-executive Directors is the protection and enhancement of sustainable shareholder value through:

(a) ensuring the control and accountability framework is in place so that all significant issues relating to the operation and performance of the Company and its subsidiary entities are brought to the attention of the Board;

(b) monitoring governance policies, practices and systems to ensure they are effective and appropriate; and

(c) monitoring risk policies, practices and systems to ensure they are effective and appropriate.

The Directors agree the remuneration each Director receives (other than any Managing Director or Director who is a salaried officer), subject to the sum determined by the Company in general meeting. No option or bonus plans are in place for Directors other than those listed below.

Under ASX Listing Rule 10.17, the maximum fees payable to Directors may not be increased without prior approval from the Company at a general meeting. Directors will seek approval from time to time as deemed appropriate.

The Directors will be entitled to receive the following benefits:

(a) the maximum total remuneration of the Directors of the Company (excluding the Managing Director) has been approved by shareholders at $400,000 per annum to be divided amongst them in such proportions as they agree. Directors are not required to allocate the entire amount.

(b) Mr Paul Clitheroe is eligible to participate in the EDSP and received 4,000,000 shares divided into three equal tranches and a corresponding limited recourse loan on 9 December 2020, as approved by shareholders at the Annual General Meeting on 11 November 2020. The EDSP shares replaced the 4,000,000 LTIP shares previously issued. Mr Clitheroe's shares have no performance conditions. The first tranche is issued at 15 cents and vested immediately. The second tranche is issued at 20 cents and vests on 30 November 2021. The third tranche is issued at 30 cents and vests on 30 November 2022. The loan relating to each tranche is repayable 5 years after each tranche vests.

(c) Mr Ronald Hodge, as Managing Director, is eligible to participate in the EDSP and received 4,566,665 shares divided into three equal tranches and a corresponding limited recourse loan on 9 December 2020, as approved by shareholders at the Annual General Meeting on 11 November 2020. The EDSP shares replaced the 4,566,6652 LTIP and ESOP shares previously issued. Mr Hodge's shares have no performance conditions. The first tranche is issued at 15 cents and vested immediately. The second tranche is issued at 20 cents and vests on 30 November 2021. The third tranche is issued at 30 cents and vests on 30 November 2022. The loan relating to each tranche is repayable 5 years after each tranche vests.

Key management personnel may receive fixed remuneration as cash, shares through the Group's EDSP and cash or shares through the Group's short-term incentive plan (STI). Fixed remuneration is reviewed at least annually. The Group aims to position executives and staff at or near the median for comparable roles in a similar industry. Consideration is also given to capability, experience, performance and other elements of remuneration.

All staff and executives are entitled to participate in the STI scheme as part of their total remuneration subject to Group and employee specific indicators. The Group performance indicator is budgeted revenue for the financial year. The total STI pool is determined by the Group's relative performance against budget. The total value of the STI pool increases at a predetermined rate as outperformance against budget increases. Executives and employees receive an STI from this bonus pool where they achieve individual key performance indicators. The STI may be received in cash or shares, subject to restrictions of a cap on cash amount and availability of shares to be issued. The performance conditions were chosen to incorporate overall performance of the company against budget and individual qualitative and quantitative assessments.

The Group has linked performance with compensation in relation to the performance of the InvestSMART Group share price through the Group's Employee and Director Share Plan (EDSP), which is an equity-settled share-based payment to employees and Directors. On 9 December 2020 all shares issued under the company's previous equity-settled share-based payment plans, the Long-Term Incentive Plan (LTIP) and the Employee Share Ownership Plan (ESOP) were bought back and new shares issued under the new EDSP plan. The market price of InvestSMART Group on this date was 9.1 cents. The value of any benefits given to Directors or key management personnel (KMP) is detailed below.

The table below reflects results and measurements recommended by the Corporations Act for discussion of the relationship between company performance and remuneration.

	2021	2020	2019	2018	2017
Revenue ($)	9,936,244	10,613,052	11,987,384	13,453,823	14,217,905
Total comprehensive profit/(loss) ($)	35,778	(1,335,658)	(1,770,852)	230,284	(22,548,360)
Share price ($)	0.215	0.074	0.062	0.190	0.30
Dividends declared and paid ($)	-	-	-	-	-
Shares bought back on market	377,823	-	-	-	-

The Group continues to focus on consistently growing revenue in funds management and subscriptions to add further shareholder value. The Group's Revenue has declined and earnings have been negative due to the nature of the business. Funds management commissions on new products were abolished in 2014 with existing commissions arrangements grandfathered. This meant that this revenue source would decline consistently. This revenue source was permanently banned from 1 January 2021.

The Directors' remuneration for the year ended 30 June 2021 is detailed in the following table:

Name of Director	Base fee	Super-annuation	Accrued Annual Leave	Accrued Long Service Leave	Share based payments^	Total
	$	$	$	$	$	$
Paul Clitheroe	78,082	7,418	-	-	26,813	112,313
Michael Shepherd	78,082	7,418	-	-	-	85,500
Ron Hodge	248,566	23,614	(4,805)	4,406	30,612	302,393
Effie Zahos	38,333	-	-	-	-	38,333
Kevin Moore	21,000	-	-	-	-	21,000
TOTAL	464,063	38,450	(4,805)	4,406	57,425	559,539

^Share-based payments consists of apportioned expense under AASB 2 – Share-based payments for EDSP shares issued during the year

The Directors' remuneration for the year ended 30 June 2020 is detailed in the following table:

Name of Director	Base fee	Super-annuation	Accrued Annual Leave	Accrued Long Service Leave	Share based payments^	Total
	$	$	$	$	$	$
Paul Clitheroe	79,452	7,548	-	-	-	87,000
Michael Shepherd	79,452	7,548	-	-	-	87,000
Ron Hodge	248,566	23,614	4,002	4,417	1,344	281,943
Kevin Moore	58,000	-	-	-	-	58,000
TOTAL	465,470	38,710	4,002	4,417	1,344	513,943

^Share-based payments consists of apportioned expense under AASB 2 – Share-based payments for LTIP and ESOP shares previously issued

No Director of the Company has received or become entitled to receive a benefit, other than a remuneration benefit as disclosed in the notes to the financial statements, by reason of a contract made by the Company or a related entity with the Director or with a firm of which they are a member, or with a Company in which they have a substantial interest.

Key Management Personnel

Ron Hodge (Managing Director), Nigel Poole (Chief Technology Officer) and Alastair Davidson (Head of Funds Management) were considered to be Key Management Personnel ("KMP") for the year ended 30 June 2021. All of the KMP are on ongoing contracts which require from the KMP 3 months' written notice of intention to terminate employment. The Board may terminate the employment of a KMP with 6 months' written notice, if without cause.

The remuneration of the key management personnel who were not Directors for the year to 30 June 2021 is shown below.

Name of KMP	Base remuneration	Super-annuation	Accrued Annual Leave	Accrued Long Service Leave	Share based payments^	Total
	$	$	$	$	$	$
Nigel Poole	213,341	20,267	2,079	10,161	29,942	275,790
Alastair Davidson	210,485	19,996	(822)	8,964	29,942	268,565

^Share-based payments consists of apportioned expense under AASB 2 – Share-based payments for EDSP shares issued during the year

The remuneration of the key management personnel who were not Directors for the year to 30 June 2020 is shown below.

Name of KMP	Base remuneration	Super-annuation	Accrued Annual Leave	Accrued Long Service Leave	Share based payments^	Total
	$	$	$	$	$	$
Nigel Poole	213,341	20,267	1,245	3,633	1,008	239,494
Alastair Davidson	205,449	19,518	3,913	3,485	1,008	233,373

^Share-based payments consists of apportioned expense under AASB 2 – Share-based payments for LTIP and ESOP shares previously issued

Shares held by Key Management Personnel and Directors

Security	Balance at 30 June 2019	Shares acquired year ended 30 June 2019	Balance at 30 June 2020	Shares acquired year ended 30 June 2021	Shares cancelled year ended 30 June 2021	Balance at 30 June 2021	Approval or issue date	Value at issue date	Estimated or actual vesting date	Vested balance at 30 June 2019	Shares vested year ended 30 June 2020	Vested Balance at 30 June 2020	Shares vested year ended 30 June 2021	Vested balance at 30 June 2021
Paul Clitheroe	**5,000,000**	**-**	**5,000,000**	**4,000,000**	**(4,000,000)**	**5,000,000**				**1,333,333**	**-**	**1,333,333**	**-**	**1,333,333**
Fully Paid Issued Capital	1,000,000	-	1,000,000	-	-	1,000,000	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
LTIP Tranche 1	1,333,333	-	1,333,333	-	(1,333,333)	-	26/11/2014	0.054	Note 1	1,333,333	-	1,333,333	n/a	n/a
LTIP Tranche 2	1,333,333	-	1,333,333	-	(1,333,333)	-	26/11/2014	0.066	Note 1	-	-	-	n/a	n/a
LTIP Tranche 3	1,333,334	-	1,333,334	-	(1,333,334)	-	26/11/2014	0.073	Note 1	-	-	-	n/a	n/a
EDSP Tranche 1	-	-	-	1,333,333	-	1,333,333	9/12/2020	0.019	9/12/2020	n/a	n/a	n/a	1,333,333	1,333,333
EDSP Tranche 2	-	-	-	1,333,333	-	1,333,333	9/12/2020	0.018	30/11/2021	n/a	n/a	n/a	-	-
EDSP Tranche 3	-	-	-	1,333,334	-	1,333,334	9/12/2020	0.014	30/11/2022	n/a	n/a	n/a	-	-
Michael Shepherd	**600,000**	**-**	**600,000**	**-**	**-**	**600,000**								
Fully Paid Issued Capital	600,000	-	600,000	-	-	600,000	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Ron Hodge	**5,564,938**	**2,931,728**	**8,496,666**	**10,068,668**	**(4,566,665)**	**13,998,669**				**4,433,331**	**133,334**	**4,566,665**	**1,522,221**	**1,522,221**
Fully Paid Issued Capital	998,273	2,931,728	3,930,001	5,502,003	-	9,432,004	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
LTIP Tranche 1	1,388,888	-	1,388,888	-	(1,388,888)	-	17/06/2015	0.077	8/09/2016	1,388,888	-	1,388,888	n/a	n/a
LTIP Tranche 2	1,388,888	-	1,388,888	-	(1,388,888)	-	17/06/2015	0.083	8/09/2017	1,388,888	-	1,388,888	n/a	n/a
LTIP Tranche 3	1,388,889	-	1,388,889	-	(1,388,889)	-	17/06/2015	0.088	8/09/2018	1,388,889	-	1,388,889	n/a	n/a
ESOP Tranche 1	133,333	-	133,333	-	(133,333)	-	28/12/2016	0.050	28/12/2017	133,333	-	133,333	n/a	n/a
ESOP Tranche 2	133,333	-	133,333	-	(133,333)	-	28/12/2016	0.057	28/12/2018	133,333	-	133,333	n/a	n/a
ESOP Tranche 3	133,334	-	133,334	-	(133,334)	-	28/12/2016	0.063	28/12/2019	-	133,334	133,334	n/a	n/a
EDSP Tranche 1	-	-	-	1,522,221	-	1,522,221	9/12/2020	0.019	9/12/2020	n/a	n/a	n/a	1,522,221	1,522,221
EDSP Tranche 2	-	-	-	1,522,221	-	1,522,221	9/12/2020	0.018	30/11/2021	n/a	n/a	n/a	-	-
EDSP Tranche 3	-	-	-	1,522,223	-	1,522,223	9/12/2020	0.014	30/11/2022	n/a	n/a	n/a	-	-

Security	Balance at 30 June 2019	Shares acquired year ended 30 June 2019	Balance at 30 June 2020	Shares acquired year ended 30 June 2021	Shares cancelled year ended 30 June 2021	Balance at 30 June 2021	Approval or issue date	Value at issue date	Estimated or actual vesting date	Vested balance at 30 June 2019	Shares vested year ended 30 June 2020	Vested Balance at 30 June 2020	Shares vested year ended 30 June 2021	Vested balance at 30 June 2021
Nigel Poole	**4,466,666**	**-**	**4,466,666**	**4,466,666**	**(4,466,666)**	**4,466,666**				**4,366,666**	**100,000**	**4,466,666**	**1,488,888**	**1,488,888**
LTIP Tranche 1	1,388,888	-	1,388,888	-	(1,388,888)	-	17/06/2015	0.077	8/09/2016	1,388,888	-	1,388,888	n/a	n/a
LTIP Tranche 2	1,388,889	-	1,388,889	-	(1,388,889)	-	17/06/2015	0.083	8/09/2017	1,388,889	-	1,388,889	n/a	n/a
LTIP Tranche 3	1,388,889	-	1,388,889	-	(1,388,889)	-	17/06/2015	0.088	8/09/2018	1,388,889	-	1,388,889	n/a	n/a
ESOP Tranche 1	100,000	-	100,000	-	(100,000)	-	28/12/2016	0.050	28/12/2017	100,000	-	100,000	n/a	n/a
ESOP Tranche 2	100,000	-	100,000	-	(100,000)	-	28/12/2016	0.057	28/12/2018	100,000	-	100,000	n/a	n/a
ESOP Tranche 3	100,000	-	100,000	-	(100,000)	-	28/12/2016	0.063	28/12/2019	-	100,000	100,000	n/a	n/a
EDSP Tranche 1	-	-	-	1,488,888	-	1,488,888	9/12/2020	0.019	9/12/2020	n/a	n/a	n/a	1,488,888	1,488,888
EDSP Tranche 2	-	-	-	1,488,889	-	1,488,889	9/12/2020	0.018	30/11/2021	n/a	n/a	n/a	-	-
EDSP Tranche 3	-	-	-	1,488,889	-	1,488,889	9/12/2020	0.014	30/11/2022	n/a	n/a	n/a	-	-
Alastair Davidson	**4,794,339**	**453,720**	**5,248,059**	**4,841,210**	**(4,466,665)**	**5,622,604**				**4,366,665**	**100,000**	**4,466,665**	**1,488,888**	**1,488,888**
Fully Paid Issued Capital	327,674	453,720	781,394	374,544	-	1,155,938	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
LTIP Tranche 1	1,388,888	-	1,388,888	-	(1,388,888)	-	17/06/2015	0.077	8/09/2016	1,388,888	-	1,388,888	n/a	n/a
LTIP Tranche 2	1,388,888	-	1,388,888	-	(1,388,888)	-	17/06/2015	0.083	8/09/2017	1,388,888	-	1,388,888	n/a	n/a
LTIP Tranche 3	1,388,889	-	1,388,889	-	(1,388,889)	-	17/06/2015	0.088	8/09/2018	1,388,889	-	1,388,889	n/a	n/a
ESOP Tranche 1	100,000	-	100,000	-	(100,000)	-	28/12/2016	0.050	28/12/2017	100,000	-	100,000	n/a	n/a
ESOP Tranche 2	100,000	-	100,000	-	(100,000)	-	28/12/2016	0.057	28/12/2018	100,000	-	100,000	n/a	n/a
ESOP Tranche 3	100,000	-	100,000	-	(100,000)	-	28/12/2016	0.063	28/12/2019	-	100,000	100,000	n/a	n/a
EDSP Tranche 1	-	-	-	1,488,888	-	1,488,888	9/12/2020	0.019	9/12/2020	n/a	n/a	n/a	1,488,888	1,488,888
EDSP Tranche 2	-	-	-	1,488,889	-	1,488,889	9/12/2020	0.018	30/11/2021	n/a	n/a	n/a	-	-
EDSP Tranche 3	-	-	-	1,488,889	-	1,488,889	9/12/2020	0.014	30/11/2022	n/a	n/a	n/a	-	-

Note 1: The LTIP shares issued to Paul Clitheroe were cancelled during the year and replaced with EDSP shares as approved by shareholders at the Annual General Meeting on 11 November 2020. The LTIP shares issued to Paul Clitheroe vested in three equal tranches on the later of the first, second and third anniversary of the grant date, or the date the share price was at or above $0.33, $0.42 or $0.50 respectively for each tranche. The first tranche vested on 30 May 2016 and had a maturity date of 30 May 2021. The remaining two tranches remained unvested and had a maturity date of 5 years post vesting. The EDSP shares have maturity dates of 30 November 2025 for tranche 1, 30 November 2026 for tranche 2 and 30 November 2027 for tranche 3.

The EDSP shares have no performance conditions in order to vest. The directors believed that the issue prices for the EDSP shares better aligned the interests of Paul Clitheroe with the shareholders.

The LTIP and ESOP shares issued to Ron Hodge, Alastair Davidson and Nigel Poole were cancelled during the year and replaced with EDSP shares as approved by shareholders at the Annual General Meeting on 11 November 2020. The LTIP shares had maturity dates of 8 September 2021 for tranche 1, 8 September 2022 for tranche 2 and 8 September 2023 for tranche 3. The ESOP shares had maturity dates of 28 December 2022 for tranche 1, 28 December 2023 for tranche 2 and 28 December 2024 for tranche 3. The EDSP shares have maturity dates of 30 November 2025 for tranche 1, 30 November 2026 for tranche 2 and 30 November 2027 for tranche 3.

The EDSP shares have no performance conditions in order to vest. The directors believed that the issue prices for the EDSP shares better aligned the interests of Key Management Personnel with the shareholders.

The EDSP shares issued are dependent on the relevant director or employee not resigning or being dismissed for cause before each tranche vests.

Key management personnel transactions concerning dividends and ordinary shares are on the same terms and conditions applicable to ordinary shareholders.

Unitholdings in Funds

The number of units held during the year by each Director in funds for which InvestSMART Funds Management Ltd acts as Responsible Entity:

	Balance at 30 June 2020	Units acquired	Units disposed	Balance at 30 June 2021
Intelligent Investor Australian Growth Fund				
Paul Clitheroe	85,504	529	(86,033)	-
Michael Shepherd	21,764	135	(21,899)	-
Intelligent Investor Australian Equity Growth Fund				
Paul Clitheroe	-	42,389	-	42,389
Michael Shepherd	-	10,790	-	10,790
Ron Hodge	-	8,000	-	8,000
Intelligent Investor Australian Equity Income Fund				
Kevin Moore	10,000	-	(10,000)	-
Professionally Managed Accounts				
Ron Hodge	2	-	-	2

This concludes the Remuneration Report which has been audited.

Insurance of Directors

During the financial year, the Company has given indemnity and paid insurance premiums to insure Directors and officers of subsidiaries against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Directors or officers of the Company or subsidiaries, other than conduct involving a wilful breach of duty in relation to the Company or subsidiaries. Details of the nature of the liabilities covered and the amount of premiums paid have not been disclosed as disclosure is prohibited under the terms of the contract.

Indemnification of auditors

The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an auditor of the company or of any related body corporate against a liability incurred as such auditor.

Non-Audit Services

A network firm, BDO Services Pty Ltd, received $78,054 for non-audit services (taxation services). The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. No other non-audit services have been provided by the auditor or by another person on the auditor's behalf during the year. This statement has been made in accordance with advice provided by the Company's audit committee and has been endorsed by a resolution of that committee.

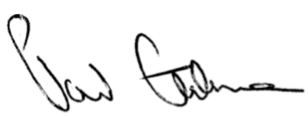
Proceedings on behalf of the Group

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the Corporations Act 2001.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2021 has been received and can be found on page 20.

The annual directors' report is signed in accordance with a resolution of the Directors.



Paul Clitheroe
Chairman
Dated this 25th day of August 2021 at Sydney

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Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

DECLARATATION OF INDEPENDENCE BY TIM AMAN TO THE DIRECTORS OF INVESTSMART GROUP LIMITED

As lead auditor of InvestSMART Group Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of InvestSMART Group Limited and the entities it controlled during the period.

Tim Aman
Director

BDO Audit Pty Ltd

Sydney

25 August 2021

Consolidated Statement of Comprehensive Income

	Notes	2021 $	2020 $
Funds management fees		1,456,246	900,213
Subscription income		4,883,208	4,350,653
Commission income - insurance		1,477,055	1,605,829
Commission income - funds		594,225	3,689,240
Other income	3	269,770	100,298
Net gain/(loss) on financial instruments at fair value through profit and loss	4	1,255,740	(33,181)
Total Income		**9,936,244**	**10,613,052**
Accounting and administrative costs		553,863	412,791
Audit fees	22	140,422	137,962
Business insurance		242,819	196,860
Commission rebates		482,337	1,398,697
Directors' fees		230,334	232,001
Employee costs		5,050,554	5,513,341
Legal and statutory expenses		120,398	57,940
Marketing and advertising		720,026	640,348
Other expenses		423,969	541,768
Rent		-	131,958
Software and website costs		796,722	811,114
Travel and accommodation		21,277	22,646
Depreciation and amortisation		1,207,238	2,024,167
Employee benefit expense	15	215,165	55,865
Impairment of intangibles	10	-	451,118
Total expenses		**10,205,124**	**12,628,576**
Profit/(loss) before income tax		**(268,880)**	**(2,015,524)**
Income tax benefit	6	304,658	679,866
Profit/(loss) for the year		**35,778**	**(1,335,658)**
Other comprehensive income, net of income tax		-	-
Total comprehensive profit/(loss) for the year		**35,778**	**(1,335,658)**
Basic earnings/(loss) per share (cents per share)	19	0.03	(1.20)
Diluted earnings/(loss) per share (cents per share)	19	0.00	(1.20)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

	Notes	2021 $	2020 $
ASSETS			
Cash and cash equivalents	18	6,483,167	5,117,905
Trade and other receivables	7	439,776	433,524
Prepayments and deposits		259,603	227,184
Financial assets at fair value through profit and loss	5	3,185,701	2,179,293
Fixed assets, including software	11	92,275	118,673
Right of use asset	8	274,398	413,518
Deferred tax asset	6	323,206	302,381
Intangibles	10	1,943,556	2,810,796
Total assets		**13,001,682**	**11,603,274**
LIABILITIES			
Trade and other payables	12	791,730	726,437
Subscriptions received in advance		3,722,362	2,026,593
Trail commissions to rebate		306,902	753,944
Provisions	13	792,329	507,353
Lease liability	8	288,067	428,569
Deferred tax liability	6	554,489	838,322
Total liabilities		**6,455,879**	**5,281,218**
Net assets		**6,545,803**	**6,322,056**
EQUITY			
Issued capital	16	58,495,245	58,522,441
Employee Benefit reserve	15	2,019,969	1,804,804
Retained losses		(53,969,411)	(54,005,189)
Total equity		**6,545,803**	**6,322,056**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

	Notes	Issued Capital $	Retained losses $	Employee Benefit Reserve $	Total Equity $
Balance at 30 June 2019		58,522,441	(52,669,531)	1,748,939	7,601,849
Comprehensive loss for the year		-	(1,335,658)	-	(1,335,658)
Employee benefit share reserve	15	-	-	55,865	55,865
Balance at 30 June 2020		58,522,441	(54,005,189)	1,804,804	6,322,056
Comprehensive income for the year		-	35,778	-	35,778
Employee benefit share reserve	15	-	-	215,165	215,165
Buyback of issued capital - on market		(27,196)	-	-	(27,196)
Balance at 30 June 2021		58,495,245	(53,969,411)	2,019,969	6,545,803

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

	Notes	2021 $	2020 $
Cash flows from operating activities			
Receipts from customers		10,165,596	11,178,375
Payments to suppliers and employees		(8,950,177)	(10,360,410)
Interest received		4,664	21,094
Government grants and tax incentives		168,025	81,277
Net cash provided by operating activities	18(a)	**1,388,108**	**920,336**
Cash flows from investing activities			
Proceeds from sale of investments		249,332	-
Purchase of investments		-	(15,580)
Sale of subsidiary		70,000	-
Purchase of fixed assets		(23,059)	(22,789)
Net cash provided by/(used in) investing activities		**296,273**	**(38,369)**
Cash flows from financing activities			
Principal payments for leases		(291,923)	(164,519)
Share buy-back		(27,196)	-
Net cash used in financing activities		**(319,119)**	**(164,519)**
Net increase in cash and cash equivalents		**1,365,262**	**717,448**
Cash and cash equivalents at beginning of the year		5,117,905	4,400,457
Cash and cash equivalents at the end of the year	18(b)	**6,483,167**	**5,117,905**

The above Consolidated Statement of Cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

1. Reporting Entity

InvestSMART Group Limited (the "***Company***") is domiciled in Australia and is the parent entity of the group which includes the entities listed in Note 9 (the "***Group***") and is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The consolidated financial statements of the Group are presented for the year ended 30 June 2021. The Group is primarily involved in operating businesses delivering financial services to retail investors in Australia, primarily in wealth and funds management.

2. Summary of significant accounting policies

Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001.*

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial report has been prepared on an accruals basis, and is based on historical cost, with the exception of the valuation of financial assets as described below.

The financial statements were authorised for issue by the Directors on the date the Directors' declaration was signed. The directors and shareholders have the power to amend these financial statements after issue.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Adoption of New and Revised Accounting Standards

The Group has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the Group's financial statements. The Group has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current reporting period. The adoption of these did not have a material impact on the financial statements of the Group. Any other new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Current versus non-current classification

The Group presents assets and liabilities in the Statement of Financial Position based on liquidity and not on a current versus non-current classification. The expected period of recovery or settlement of amounts are disclosed in the relevant notes.

Revenue Recognition

Revenue from contracts with customers

Under *AASB 15 Revenue from Contracts with Customers* an entity recognises revenue by applying the following steps:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Group derives revenue from retail customers in Australia. Contract duration is long-term except for subscription revenue which is typically between one month and one year.

The Group has a performance obligation to service customers who have purchased subscriptions in advance and recognises revenue when that subscription service has been delivered. Where a transfer of services has not occurred a contract liability is recognised for subscriptions in advance.

Commission income is derived from trailing commissions on funds management and insurance products under a contract to distribute products to the InvestSMART client base. Commissions are recognised when the Group has satisfied its performance obligations, which occurs when control of the goods or services are transferred to the customer. When the performance obligation has been satisfied, the Group will recognise as revenue the amount of the transaction price that is allocated to the performance obligation after excluding any estimates of variable consideration that are constrained.

Funds management fees are recognised based on net assets under management at the end of each day. Revenue is recognised as the performance obligation is satisfied. Performance fees are recognised when the right to receive payment has been established. Management and performance fees are variable consideration and are not recognised unless the Group assesses it is probable that a significant reversal in the cumulative amount of revenue will not occur. There were no performance fees received or receivable at year end.

Investment and interest revenue

Realised and unrealised gains on investments measured at fair value through profit and loss are recognised in the Statement of Comprehensive Income. Realised gains and losses are calculated as the difference between the consideration received and the fair value at the previous period end.

Dividends and distributions are recognised on the applicable ex-dividend date.

Interest income is recognised as it accrues.

Other income

Other income is recognised when it is received or the right to receive payment is established. Government grants are recognised once all conditions of the grant have been met.

Investments at Fair Value
The Group's investments are all measured at fair value through profit or loss in accordance with AASB 13: Fair Value Measurement.

The fair values of the Group's listed investments are determined from the amount quoted on the primary exchange of the country of domicile. If a listed investment is measured at fair value and has a bid price and an ask price, fair value is based on a price within the bid-ask spread that is most representative of fair value and allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurement within a bid-ask spread.

The fair value of the Group's unlisted ventures investments is determined primarily using the price at which any recent transaction in the security may have been effected, adjusted for the Directors' view as to the likely success of the business model and discounted for the likelihood of a liquidity event occurring in the next 3 years. Valuation principles are in line with International Private Equity and Venture Capital Valuation (IPEV) Guidelines.

A derivative is a financial contract whose value depends on, or is derived from, underlying assets, liabilities or indices. Derivative transactions include a wide assortment of instruments, such as forwards, futures, options and swaps. The fair value of derivatives that are not exchange traded is estimated based on most recent transactions. Where no recent transactions are available fair value is determined by applying a binomial option pricing model, which takes into account current market conditions (volatility and interest rates).

Changes in the fair value of investments are recognised in the Statement of Comprehensive Income. Transaction costs directly attributable to the acquisition of the investments are expensed in the Statement of Comprehensive Income as incurred.

Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Group as at 30 June 2021 and the results of all subsidiaries for the period from 1 July 2020 to 30 June 2021. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

Subsidiaries are all entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights and excludes those subsidiaries determined by the Directors to be investments held for resale. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group, or when they are established.

Associates

An associate is an entity over which the Group exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. Investments in associates are accounted for using the equity method of accounting. The equity method is a method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income. Dividends or distributions received or receivable from an associate reduce the carrying value of the investment. Where an associate was previously a controlled entity of the Group, the deemed cost for applying the equity method is the fair value on the date that the Group ceased to have a controlling interest.

Intercompany transactions and balances

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Where there is a change in ownership interest, there will be an adjustment between the carrying amounts of the controlling and "non-controlling" interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to the owners of the Company.

When a Company acquires control through a change in investment policy, the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. Any amounts above net tangible assets are held as goodwill or intangibles at that point.

If the ownership interest in a jointly-controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Business combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the fair value consideration transferred, measured at acquisition date and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's Cash-Generating Units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. The Group has determined that it operates as one Cash Generating Unit for the purposes of testing goodwill impairment.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the consolidated statement of comprehensive income in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future
economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates and adjusted on a prospective basis. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss as the expense category that is consistent with the function of the intangible assets. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Impairment of financial assets

The Group assesses at each reporting date an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Under the general approach for credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. Trade receivables consist of commissions and funds management fees receivable which are generally received in the month following recognition.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Share-based Payments to Employees and Directors

Employees (including executive directors) of the Group may receive remuneration in the form of share-based payments, where employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. The cost is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled in the employee benefits reserve.

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. This cost is reversed in the event that an employee forfeits any share-based payment, when leaving the Group or other circumstances.

The expense in the consolidated statement of comprehensive income for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Income Tax

The Group has formed a tax consolidated group and has executed tax-sharing agreements with each controlled entity. The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the Group also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group. The income tax expense (revenue) for the year comprises current income tax expense and deferred tax expense or benefit.

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities are measured at the amounts expected to be paid to the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses. Current and deferred income tax expense is charged or credited outside profit or loss when the tax
relates to items that are recognised outside profit and loss. No deferred income tax is recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised only to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective assets and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with bank and term deposits which are convertible to a known amount of cash within 3 months and subject to insignificant risk of changes in value.

Long service and Annual leave provisions
The Group does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. The Group recognises a liability for long service leave and annual leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method.

Expenses
The Group records all expenses on an accruals basis. This includes accounting, audit, legal and administrative fees, management fees, employee costs, marketing and advertising costs, director's fees, travel and accommodation expense, rent expenses, commission rebates, other expenses, market data costs, software and website costs.

Property, Plant and Equipment
All property, plant and equipment is carried at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, when it is probable that the future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred. Depreciation on assets is calculated using the straight-line method to allocate their cost, net of residual value, over the estimated useful lives as follows:

Computer and office equipment	2-4 years
Network and production equipment	3-4 years
Leasehold improvements	shorter of the expected fitout life or lease term (approximately 3-4 years)

Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Earnings/loss per share
Basic earnings/loss per share is calculated by dividing profit/(loss) attributable to members of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for any bonus element. Diluted earnings/(loss) per share is calculated by dividing profit attributable to members of the Company by the total number of ordinary shares that would be outstanding if all the LTIP and ESOP shares had vested.

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Functional and presentation currency
The functional and presentation currency of the Group is Australian dollars.

Leases
At the commencement of a contract, the Group assesses whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For identified leases the Group recognises a right-of-use asset and a lease liability at the lease commencement date. No assets or liabilities are recognised if the lease is short term (less than 12 months) or of low value.

Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease. Interest expense on the lease liability and depreciation expense (using the straight-line method) on the right-of-use asset is recognised in the statement of profit or loss.

Comparatives
Where necessary, comparative information has been reclassified to be consistent with the current reporting period.

Critical accounting estimates and judgements
Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Level 3 investments in financial assets are based on Director's estimates of the fair value of those investments, where reliable third-party sources of valuation are not available.

The Group has not recognised deferred tax assets relating to carried forward realised capital and revenue losses on the basis that it does not expect to derive sufficient future capital gains to utilise the current losses within a 3 to 5-year time period.

3. Other income

	2021	2020
	$	$
Gain on sale of subsidiary	70,000	-
Government grants	168,025	79,011
Education - Bootcamp	26,872	193
Interest	4,873	21,094
	269,770	100,298

InvestSMART Publishing Pty Ltd was sold during the year for a gain of $70,000. Refer to Note 9 (a) for further information. Government grants consist of cash flow boost stimulus payments of $50,000 (2020:$50,000) and research and development incentives of $118,025 (2020: Nil).

4. Change in fair value of financial assets at fair value through profit and loss

	2021	2020
	$	$
Net unrealised gain/(loss) on investments	1,241,713	(33,181)
Net realised gain on investments	14,027	-
	1,255,740	(33,181)

5. Financial assets held at fair value

	2021	2020
	$	$
AWI Ventures investee companies	3,044,701	1,693,988
Investments in Separately Managed Accounts	-	235,305
Call option	141,000	250,000
	3,185,701	2,179,293

A call option was purchased on 12 June 2018 to acquire 100% of an unlisted company for $3,750,000 exercisable between the third and fourth anniversary date of entering the share option deed. The unlisted company is not considered to be a subsidiary as the Group is not exposed, nor has rights, to variable returns from its involvement with the company and does not have the ability to affect the returns of the company. Further information on the fair value determination and the risk exposures of financial assets held at fair value is provided in Note 14.

6. Income tax

(a) Income tax benefit recognised in the Statement of Comprehensive Income

	2021	2020
The components of income tax benefit:	$	$
Current income tax expense	-	-
Deferred tax income relating to the origination and reversal of temporary differences	295,407	648,946
Change in tax rate	9,251	30,920
Total income tax benefit	304,658	679,866

(b) Income tax benefit

A reconciliation of income tax benefit applicable to accounting profit before income tax at the statutory income tax rate to income tax benefit at the entity's effective income tax rate for the years ended 30 June 2021 and 30 June 2020 is as follows:

	2021	2020
	$	$
Prima facie income tax benefit calculated at 26% on operating loss	69,909	554,269
Add/(Less) tax effect of:		
Expenditure not deductible in current year	(94,273)	(48,571)
Recognition of previously unused tax losses	-	83,108
Change in tax rate	9,251	30,920
Income not taxable	388,379	22,351
Losses carried forward not recognised	(54,567)	(9,125)
Adjustments for prior years	(14,041)	46,913
Income tax benefit	304,658	679,866

(c) Deferred tax assets and liabilities

Deferred tax assets

The deferred tax asset balance comprises temporary differences recognised as follows:

	2021	2020
	$	$
Accruals and provisions not deductible in this period	245,008	179,120
Lease liability	72,017	111,428
Deductible capital expenditure	6,181	11,833
Closing balance	323,206	302,381
Movements in deferred tax assets		
Opening balance	302,381	200,240
Benefit in the income statement	20,825	102,141
	323,206	302,381

Deferred tax liabilities

The deferred tax liability balance comprises temporary differences recognised as follows:

Future tax expense for intangibles acquired	485,889	730,807
Prepayments	-	-
Right-of-use assets	68,600	107,515
	554,489	838,322
Movements in deferred tax liabilities		
Opening balance	838,322	1,416,047
Benefit in the income statement	(283,833)	(577,725)
	554,489	838,322

A tax rate of 26% was applied for the year ending 30 June 2021 (2020: 27.5%) as the Group is classified as a small business for tax purposes. A reduced tax rate of 25% will apply for reporting periods after 30 June 2021 (previously 26%). The Group expects to continue to be classified as a small business for tax purposes.

The Group has not recognised deferred tax assets relating to carried forward tax losses as it is not considered probable that future taxable profit will be available against which the unused tax losses can be utilised. The potential deferred tax asset that could be realised at 30 June 2021 is $4,624,002, of which $4,521,928 is realised capital losses.

7. Trade and other receivables

	2021 $	2020 $
Trade receivables	401,512	433,524
GST receivable	38,264	-
	439,776	433,524

8. Leases

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the statement of financial position at the date of initial application is 4.3%. Leases recognised as right-of-use assets and lease liabilities consist of office premises.

The total cash outflow for lease payments for the year ended 30 June 2021 is $305,769 (2020: $366,141). The interest expense on lease liabilities for the year ended 30 June 2021 is $8,428 (2020:$13,661).

Right-of-use assets	2021 $	2020 $
Balance at the beginning of the year	413,518	-
Initial recognition on adoption of AASB16 on 1 July 2019	-	227,340
Additions	156,839	365,748
Depreciation charge	295,959	179,570
Balance at the end of the year	274,398	413,518
Number of right-of-use assets leased	2	2
Range of remaining term	0.7-2.9 years	1-2 years
Average remaining lease term	1.8 years	1.3 years
Number of leases with extension options	2	1
Number of short-term leases	Nil	1
Expense for short-term leases	$Nil	$131,958

Lease liabilities

Maturity analysis of lease liabilities:	2021	2020
	$	$
Less than 1 year	166,461	297,863
1 to 3 years	121,606	130,706
Total	288,067	428,569

9. Controlled entities and investments in associates

(a) Controlled entities

The company exercised control over the below entities during the period:

	% owned at	
	30/06/2021	30/06/2020
Intelligent Investor Holdings Pty Ltd	100%	100%
The Intelligent Investor Distribution Pty Ltd	100%	100%
InvestSMART Publishing Pty Ltd	0%	100%
InvestSMART Financial Services Pty Ltd	100%	100%
InvestSMART Funds Management Ltd	100%	100%
InvestSMART Advice Pty Ltd	100%	100%
Yourshare Financial Services Pty Ltd	100%	100%
InvestSMART Insurance Pty Ltd	100%	100%
van Eyck Group Holdings Pty Ltd	100%	100%
AWI Ventures Pty Ltd	100%	100%
Eureka Report Pty Ltd	100%	100%
Kohler and Company Pty Ltd	100%	100%

InvestSMART Publishing Pty Ltd was sold during the year for a gain of $70,000. InvestSMART Publishing Pty Ltd was the licensee for Intelligent Investor Holdings Pty Ltd. InvestSMART Publishing Pty Ltd received no revenue from entities outside the InvestSMART Group. The licensee for Intelligent Investor Holdings Pty Ltd was changed to InvestSMART Financial Services Pty Ltd during the year.

(b) Investments in associates

InvestSMART Funds Management Ltd is the Responsible Entity and issuer of Professionally Managed Accounts and is deemed to have significant influence over the financial and operating policy decisions of the fund. The fund is domiciled and has its principal place of business in Australia. The Group's ownership in the fund was classified as an investment in associate and accounted for using the equity method. The Group sold 1 unit in the fund during the year and has a unitholding of Nil% of Professionally Managed Accounts at 30 June 2021 (2020: 0.1%).

Summarised financial information for all associates:

	2021	2020
	$	$
Aggregate carrying amount	-	1
Aggregate profit/(loss) from continuing operations	-	-
Aggregate total comprehensive income	-	-

10. Intangible Assets

	Fund distribution contracts	Subscriber lists	Total
	$	$	$
Balance at 30 June 2019	4,683,207	343,142	5,026,349
Amortisation	1,591,127	173,308	1,764,435
Impairment	451,118	-	451,118
Balance at 30 June 2020	2,640,962	169,834	2,810,796
Amortisation	817,533	49,707	867,240
Balance at 30 June 2021	1,823,429	120,127	1,943,556

Fund distribution contracts were acquired as intangible assets under a business combination on 1 January 2015. Whilst they have no expiry date, it is expected that customers on which the distribution fees are earned will leave over 6 - 10 years.

Subscriber lists were acquired as intangible assets on acquisition of Intelligent Investor and The Constant Investor. Amortisation rates are based on the Group's historical experience and are amortised on a straight-line basis. Intelligent Investor and The Constant Investor subscriber lists are assumed to have a 5-year life.

11. Fixed assets including software

	Plant and equipment	Software	Total
	$	$	$
Cost at 30 June 2019	402,875	211,790	614,665
Additions	22,789	-	22,789
Cost at 30 June 2020	425,664	211,790	637,454
Additions	23,059	-	23,059
Disposals	143,441	96,555	239,996
Cost at 30 June 2021	305,282	115,235	420,517
Accumulated depreciation at 30 June 2019	226,829	211,790	438,619
Depreciation charge for the period	80,162	-	80,162
Accumulated depreciation at 30 June 2020	306,991	211,790	518,781
Depreciation charge for the period	49,457	-	49,457
Disposals	143,441	96,555	239,996
Accumulated depreciation at 30 June 2021	213,007	115,235	328,242
Net book value at 30 June 2020	118,673	-	118,673
Net book value at 30 June 2021	92,275	-	92,275

Fixed assets disposed during the year received zero cash consideration.

12. Trade and other payables

	2021	2020
	$	$
Trade payables and accruals	436,475	503,346
PAYG and superannuation	31,550	32,639
GST	323,705	190,452
	791,730	726,437

Trade payables are non-interest bearing and unsecured. Payment duration is disclosed in Note 14.

13. Provisions

	2021	2020
	$	$
Annual leave	241,423	235,609
Long service leave	260,099	199,998
Short-term incentive plan	234,000	-
Other	56,807	71,746
	792,329	507,353

14. Financial risk management

The Group's financial instruments consist mainly of deposits with banks, accounts receivable, accounts payable, investments in unlisted equities and derivatives classified as financial assets at fair value through profit and loss.

AASB 7 Financial Instruments: Disclosures identifies three types of risk associated with financial instruments (i.e. the Group's investments, receivables and payables).

(i) Credit risk

AASB 7 defines this as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. There are no other material amounts of collateral held as security at 30 June 2021.

Receivables are non-interest bearing and unsecured and will be received within 3 months. The credit risk exposure of the Group in relation to receivables is the carrying amount. The credit risk exposure of the Group in relation to cash is the carrying amount and any accrued unpaid interest. Cash investments are held with a number of banks all of which are rated AA- by Standard and Poor's. None of these assets are over-due or considered to be impaired.

(ii) Liquidity risk

AASB 7 defines this as the risk that an entity will encounter difficulty in meeting obligations associated with liabilities. Senior management monitors the Group's cash-flow requirements daily taking into account upcoming dividends, tax payments and investment activity.

The Group's inward cash-flows depend upon the level of trail commission, subscription revenue and funds management fees received. If these decrease by a material amount, the Group will amend its outward cash-flows accordingly. As the Group's major cash outflows are the cost of employees and rebates of trail commissions, the level of both of these is managed by the Board and senior management. The tangible assets of the Group are largely in the form of cash, unlisted securities and short term receivables. Unlisted securities may be difficult to liquidate in a timely fashion.

The table below analyses the Group's non-derivative liabilities in relevant maturity groupings based on the remaining period to the earliest possible contractual maturity date at the year-end date. The amounts in the table below are contractual undiscounted cash flows.

	On-demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
At 30 June 2021:	$	$	$	$	$
Trade and other payables	-	711,255	66,948	13,527	791,730
Subscriptions received in advance	-	1,067,266	2,207,133	447,962	3,722,362
Trail commissions due to customers	-	134,607	172,295	-	306,902
Lease liabilities	-	49,679	124,338	126,166	300,182
Total financial liabilities	-	1,962,807	2,570,713	587,655	5,121,176
At 30 June 2020:					
Trade and other payables	-	643,575	69,335	13,527	726,437
Subscriptions received in advance	-	850,581	1,169,084	6,928	2,026,593
Trail commissions due to customers	-	263,546	490,398	-	753,944
Lease liabilities	-	79,567	230,533	132,476	442,576
Total financial liabilities	-	1,837,269	1,959,350	152,931	3,949,550

(iii) Market risk

AASB 7 defines market risk as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Movements in the ASX All Ords have been used to calculate a “reasonably possible” change in market prices as the data is readily observable.

A general fall in market prices of 10 per cent and 20 per cent would lead to a reduction in the Group's equity and increase the reported loss by $318,570 and $637,140 respectively (2020: $217,929 and $435,859 respectively). The sensitivity analysis assumes all investments have a delta of 1 and are spread evenly across all investments (which are all unlisted and not regularly priced in an active market).

The Group is not directly exposed to currency risk as all its operations are conducted in Australian dollars. The Group is engaged in activities conducted solely in Australia.

Interest rate risk

The Group's cash balances and term deposits expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

Sensitivity analysis - interest rate risk

An increase of 75 basis points in interest rates at year end would have increased the Group's profit by $32,887 (2020: $34,243). A decrease of 75 basis points would have an equal but opposite effect.

At 30 June 2021, the Group's exposure to interest rate risk and the effective weighted average interest rate for each class of financial asset and liability is set out in the table below:

	Weighted average interest rate	Floating interest rate	Non-interest bearing	Total
Financial assets	(% pa)	$	$	$
Cash assets	0.1	5,647,554	835,612	6,483,167
Trade and other receivables		-	439,776	439,776
Prepayments and deposits		-	259,603	259,603
Financial assets at fair value through profit and loss		-	3,185,701	3,185,701
		5,647,554	4,720,692	10,368,247
Financial liabilities				
Trade and other payables		-	791,730	791,730
Subscriptions received in advance		-	3,722,362	3,722,362
Trail commissions due to customers		-	306,902	306,902
Lease liabilities		-	288,067	288,067
		-	5,109,061	5,109,061
Net financial assets/(liabilities)		**5,647,554**	**(388,369)**	**5,259,186**

At 30 June 2020, the Group's exposure to interest rate risk and the effective weighted average interest rate for each class of asset and liability is set out in the table below:

	Weighted average interest rate	Floating interest rate	Non-interest bearing	Total
Financial assets	(% pa)	$	$	$
Cash assets	0.4	4,290,398	827,506	5,117,905
Trade and other receivables		-	433,524	433,524
Prepayments and deposits		-	227,184	227,184
Financial assets at fair value through profit and loss		-	2,179,293	2,179,293
		4,290,398	3,667,507	7,957,906
Financial liabilities				
Trade and other payables		-	726,437	726,437
Subscriptions received in advance		-	2,026,593	2,026,593
Trail commissions due to customers		-	753,944	753,944
Lease liabilities		-	428,569	428,569
		-	3,935,543	3,935,543
Net financial assets/(liabilities)		**4,290,398**	**(268,036)**	**4,022,363**

Fair value hierarchy

AASB 13 requires the Group to classify fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Directors. The Directors consider observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

There has been no change in the Level 3 valuation techniques used for this report from previous reports. The table below sets out the Group's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 30 June 2021:

	Level 1	Level 2	Level 3	Total
At 30 June 2021	**$**	**$**	**$**	**$**
Financial assets				
AWI Ventures investee companies	-	-	3,044,701	3,044,701
Call option	-	-	141,000	141,000
Financial assets held at fair value through profit or loss	-	-	3,185,701	3,185,701
At 30 June 2020	$	$	$	$
Financial assets				
Investments in Separately Managed Accounts	31,365	203,940	-	235,305
AWI Ventures investee companies	-	-	1,693,988	1,693,988
Call option	-	-	250,000	250,000
Financial assets held at fair value through profit or loss	31,365	203,940	1,943,988	2,179,293

During the reporting period ending 30 June 2021 there were no transfers between Level 1 and Level 2 fair value measurements.

Financial instruments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities, certain unlisted unit trusts and exchange traded derivatives. Investments classified within level 2 have inputs based on quoted and unquoted prices.

Description of significant unobservable inputs to valuation of Level 3 assets

Through AWI Ventures Pty Ltd, the Group has investments in two start-up companies in the financial technology sector, Spriggy and Equitise. The fair value of the investee companies has been assessed as the price at which each investee company raised a material amount of new capital, or historic cost if they have not raised a material amount of new capital, adjusted for the Director's view of the likely success of the business. Spriggy raised capital subsequent to year end in July 2021. The directors have assessed that the issue price for this raise provides evidence of conditions at balance sheet date. These companies are at an early stage of development prioritising revenue growth and therefore cannot be valued using Discounted Cash Flow.

The Group purchased a call option over The Term Deposit Shop, an unlisted online term deposits provider, on 12 June 2018 exercisable between 12 June 2021 and 12 June 2022 for $3.75 million. Fair value has been determined using a binomial options pricing model. The binomial options model is sensitive to various inputs, particularly the value of the underlying business and volatility. A volatility of 50% (2020: 52%) was used to value the option.

Investments classified within level 3 have significant unobservable inputs, as they are infrequently traded. Unlisted equities and options are classified within level 3.

The table below shows the assumptions used by management in assessing fair value of its investments in unlisted investments:

	Valuation technique	**Significant unobservable inputs**	**Range (weighted average)**	**Sensitivity to fair value**
AWI Ventures investee companies	Market approach	Last issue price & date of new equity, last traded price of equity, Capital structure, Discount rate, Directors' qualitative assessment of investee business model success	N/A	An issue of new equity, or trade in existing equity, at a higher or lower price may have significant effect on fair value
Call option	Binomial option pricing model	Volatility rate, Last traded price of derivative	N/A	An issue of new equity, trade in existing equity, changes in interest rates, volatility rate, dividends at a higher or lower amount may have significant effect on fair value under option pricing models

The following table shows a reconciliation of the movement in the fair value of financial instruments categorised within level 3 between the beginning and the end of the reporting period:

	$
Fair Value at 30 June 2020	1,943,988
Unrealised gain on ventures investments	1,350,713
Unrealised loss on call option through profit and loss	(109,000)
Balance at 30 June 2021	3,185,701

15. Employee benefit reserve

All Long-Term Incentive Plan (LTIP) and Employee Share Option Plan (ESOP) shares were cancelled on 9 December 2020 and replaced with an Employee and Director Share Plan (EDSP) as approved at the company's AGM on 11 November 2020. The number of shares outstanding and employee benefit reserve at the beginning and the end of the year ended 30 June 2021 is as follows:

Type	Issue date	Shares	Issue price	Employee Benefit Reserve ($)	Share price hurdles
LTIP 1	26/11/2014	4,000,000	$0.25	278,000	$0.33, $0.42 & $0.50
LTIP 2	17/06/2015	12,499,998	$0.25	1,192,585	n/a
LTIP 3	11/04/2019	4,000,000	$0.25	33,518	$0.33, $0.42 & $0.50
ESOP 1	28/12/2016	3,195,000	$0.31	247,076	n/a
ESOP 2	6/09/2017	550,000	$0.255	37,696	n/a
ESOP 3	4/03/2019	1,060,000	$0.255	15,929	n/a
Balance at 1 July 2020		25,304,998		1,804,804	
ESOP shares cancelled (03/07/2020)		600,000			
All LTIP & ESOP shares cancelled (9/12/2020)		24,704,998		21,891	
EDSP 1 granted	9/12/2020	9,343,999	$0.15	147,150	n/a
EDSP 2 granted	9/12/2020	9,343,999	$0.20	32,738	n/a
EDSP 3 granted	9/12/2020	9,344,000	$0.30	13,386	n/a
EDSP shares cancelled (19/03/2021)		72,000		-	
Total employee benefit expense for the period				215,165	
Balance at 30 June 2021		27,959,998		2,019,969	

The number of shares outstanding and employee benefit reserve for the comparative year ended 30 June 2020 for all LTIP and ESOP shares is as follows:

	Shares	Employee Benefit Reserve ($)
Balance at 1 July 2019	25,934,998	1,748,939
Shares cancelled	630,000	-
Employee benefit expense for the year		55,865
Balance at 30 June 2020	25,304,998	1,804,804

EDSP 1 shares vested immediately and mature on 30 November 2025. EDSP 2 shares vest on 30 November 2021 and mature on 30 November 2026. EDSP 3 shares vest on 30 November 2022 and mature on 30 November 2027. A non-recourse loan was provided to participants to acquire the shares at the respective prices issued. All EDSP shares loans have not been repaid and have not been included in fully paid ordinary share capital. EDSP shares include 4,000,000 shares issued to Paul Clitheroe (Chairman), 4,566,666 shares issued to Ron Hodge (Managing Director/member of Key Management Personnel), 4,466,666 shares issued to Alastair Davidson (member of Key Management Personnel) and 4,466,666 shares issued to Nigel Poole (member of Key Management Personnel). All shares were issued equally across the three tranches.

The fair values at grant date for EDSP shares were determined using a Binomial model. The inputs used include the share price at grant date, vesting price, vesting period, expected volatility (48%), expected dividends (1% yield), the risk free interest rate (0.35%-0.60% depending on the maturity date of the loan) and the expected life of the option. Expected volatility was based on historic volatility and the implied volatility of comparable exchange traded options. The cost of the EDSP shares are recognised over the applicable vesting period through the statement of comprehensive income.

LTIP 1 shares were issued to the Chairman, Paul Clitheroe, On 26 November 2014 (the grant date). The vesting terms were in three equal tranches on the later of the first, second and third anniversary of the grant date, or the date the share price was at or above $0.33, $0.42 or $0.50 respectively for each tranche. The first tranche of these shares had vested, though the associated non-recourse loan had not been repaid. The remaining tranches had not vested. On 6 February 2019 the Company extended the maturity of the loan on the first tranche of the options to 30 May 2021 (as approved at the Extraordinary General Meeting held on 6 February 2019).

LTIP 2 Shares were issued to three key management personnel on 8 September 2015. The shares vested in three equal tranches over three years. The first tranche of these shares vested on 8 September 2016, the second tranche vested on 8 September 2017 and the third tranche vested on 8 September 2018. On 6 February 2019 the Company extended the maturity of the loan on each tranche of shares by two years (as approved at the Extraordinary General Meeting held on 6 February 2019).

LTIP 3 shares were issued to Mr Alan Kohler on 11 April 2019 The vesting terms were in three equal tranches on the later of the first, second and third anniversary of the grant date, or the date the share price is at or above $0.33, $0.42 or $0.50 respectively for each tranche. None of the tranches had vested at cancellation date.

ESOP 1 shares were issued on 28 December 2016 to the Managing Director and employees. The shares vested in three equal tranches over three years. The first tranche of these shares vested on 28 December 2017, the second tranche vested on 28 December 2018 and the third tranche vested on 28 December 2019. On 6 February 2019 the Company extended the maturity of the loan on each tranche of shares by two years (as approved at the Extraordinary General Meeting held on 6 February 2019).

ESOP 2 shares were issued on 6 September 2017 to employees. The shares vested in three equal tranches over three years. The first tranche of shares vested on 6 September 2018, the second tranche vested on 6 September 2019 and the tranche vested on 6 September 2020. On 6 February 2019 the Company extended the maturity of the loan on each tranche of shares by two years (as approved at the Extraordinary General Meeting held on 6 February 2019).

ESOP 3 shares were issued on 4 March 2019. The shares vested in three equal tranches over three years. The first tranche of shares vested on 4 March 2020. The second tranche was due to vest on 4 March 2021 and the third tranche was due to vest on 4 March 2022.

All LTIP and ESOP shares were cancelled on 9 December 2020. The associated non-recourse loan for all LTIP and ESOP shares was not repaid, and therefore no value was included in fully paid ordinary share capital.

16. Issued capital

	2021		2020	
Fully paid ordinary share capital	Shares	$	Shares	$
Balance at the beginning of the year	110,885,360	58,522,441	110,885,360	58,522,441
On-market buy-back	377,823	27,196	-	-
Balance at the end of the year	110,507,537	58,495,245	110,885,360	58,522,441

An additional 27,959,998 shares were issued, as part of the EDSP detailed in Note 15 and the Directors Report. The vested shares have a non-recourse loan outstanding.

Under the EDSP, the director or employee can repay the loan by forfeiting the shares issued under the plan. The shares vest after certain time periods and may be forfeited prior to the loan repayment date and have therefore not been included in the issued share capital total.

All shares have no par value.

(a) Terms and conditions

The Company has ordinary shares on issue. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings.

(b) Capital Management

The Group's policy is to maintain a strong capital base so as to maintain investor and market confidence. To achieve this the Directors monitor the monthly performance of the operating entities, the Group's management expenses, and share price movements. The Group is not subject to any externally imposed capital requirements. Capital relates to equity attributable to investors.

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust any dividend payment to investors, capital returns or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 30 June 2021 and 30 June 2020.

17. Related party information

Aggregate remuneration paid to Directors and other key management personnel by the Group in connection with the management of the affairs of the Group were:

	Short-term Employee Benefit Cash Salary & Fees	Employment Benefit Superannuation	Accrued Annual Leave	Accrued Long Service Leave	Employee Share Benefit	Total
	$	$	$	$	$	$
2021	887,889	78,713	(3,548)	23,531	117,308	1,103,893
2020	884,260	78,495	9,160	11,535	3,360	986,810

Detailed remuneration disclosures are provided in the remuneration report contained in the Directors' Report.

The Directors' remuneration excludes insurance premiums paid and payable by the Group in respect of Directors' liability insurance. Apart from the details disclosed in this note and the Directors' Report, no key management personnel have entered into a material contract with the Group during the financial year.

The Directors of InvestSMART Group Limited are responsible for determining and reviewing compensation arrangements for the Managing Director and key management personnel. The Directors also assess the appropriateness of the nature and amount of emoluments of each Director on a periodic basis by reference to workload and market conditions. The overall objective is to ensure maximum stakeholder benefit from the retention of a high-quality board whilst constraining costs.

Investments in associates are disclosed in Note 9 (b). The Group redeemed from the Professionally Managed Accounts scheme in August 2020. The Group received management fees to this date of $44,462 (2020: $186,219 for the full year) from Professionally Managed Accounts. The Group held no receivables for management fees from managed investment schemes classified as investments in associates at 30 June 2021 (2020: $20,617).

18. Statement of Cash Flows

(a) Reconciliation of net profit from ordinary activities after income tax to net cash used in operating activities

	2021	2020
	$	$
Profit/(Loss) for the year	35,778	(1,335,658)
Adjustments to reconcile profit after tax to net cash flows:		
Net (gain)/loss on financial instruments at fair value through profit and loss	(1,255,740)	33,181
Sale of subsidiary	(70,000)	-
Employee benefit expense	215,165	55,865
Depreciation and amortisation	1,207,238	2,024,167
Increase in deferred tax asset	(20,825)	(102,141)
Decrease in deferred tax liability	(283,833)	(577,725)
Impairment of intangibles	-	451,118
Change in operating assets and liabilities:		
Decrease in trade and other receivables	32,012	316,645
(Increase)/Decrease in prepayments	(14,085)	35,310
Increase in trade and other payables	1,542,398	19,574
Net cash provided by operating activities	1,388,108	920,336

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the statement of financial position as follows:

	2021	2020
	$	$
Cash at bank	6,483,167	5,117,905

The credit risk exposure of the group in relation to cash is the carrying amount and any accrued unpaid interest. Cash investments are held with a number of banks all of which are rated AA- by Standard and Poor's.

19. Earnings/(loss) per share

	2021	2020
	cents	cents
Basic earnings per share (cents per share)	0.03	(1.20)
Diluted earnings per share (cents per share)	0.00	(1.20)
Earnings/(loss) as per Statement of Consolidated Income	35,778	(1,335,658)
Weighted average number of ordinary shares outstanding during the year used in calculating basic earnings per share	110,609,690	110,885,360
Weighted average number of ordinary shares outstanding during the year used in calculating diluted earnings per share if all EDSP shares vest and non-recourse loans are repaid	137,149,660	136,312,659

As the Group is in a loss position in 2020, share based incentive plans do not affect the diluted earnings per share calculation as potential ordinary shares shall be treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations.

20. Contingent liabilities and commitments

At 30 June 2021 the Group has the following contingent liabilities:

	2021	2020
	$	$
Guarantees for office rentals	156,624	122,524
Guarantees for intermediary facilities	351,000	401,000
	507,624	523,524

21. Franking Account

	2021	2020
	$	$
Opening balance of franking account	2,931,463	2,931,463
Adjustments for tax payment and tax payable/refundable in respect of the prior year's profits	-	-
Adjusted franking account balance	2,931,463	2,931,463

22. Auditors Remuneration

BDO Audit Pty Ltd received $140,422 for audit and review fees (2020: $137,962).

Audit and review fees include fees for:
- Auditing and reviewing the statutory financial report of the parent entity covering the group
- Auditing the statutory financial report of Australian Financial Services Licensees which are controlled entities
- Assurance services required by legislation to be provided by the auditor (reporting to ASIC for the purposes of Form FS 71 for AFS licensees)
- Auditing and reviewing schemes issued by InvestSMART Funds Management Limited
- Audit of compliance plans of schemes issued by InvestSMART Funds Management Limited

The fees for these services are not broken down as they are bundled.

Fees for other services performed by audit and network firms:

	2021	2020
	$	$
BDO Services Pty Ltd - taxation services	78,054	33,850
BDO Audit Pty Ltd - verification of a recommendation report	-	5,000
	78,054	38,850

The nature of taxation services comprises:
- Review and lodgement of income tax returns and provisions for the Group and schemes issued by InvestSMART Funds Management Limited
- Review and lodgement of government grants
- Review and liaison with the Australian Taxation Office for the merger of schemes issued by InvestSMART Funds Management Limited (2021 year end only).

23. Parent Entity Information

	2021	2020
Statement of Financial Position	$	$
Assets		
Current assets	80,483	107,080
Non current assets	4,234,066	4,361,020
Total Assets	4,314,549	4,468,100
Liabilities		
Current liabilities	-	-
Total Liabilities	-	-
Net Assets	4,314,549	4,468,100
Equity		
Contributed Equity	58,495,245	58,522,441
Employee benefit reserve	2,019,969	1,804,804
Retained earnings	(56,200,665)	(55,859,145)
Total Equity	4,314,549	4,468,100
Statement of Profit or Loss and other Comprehensive Income		
Net loss for the year after income tax expense	341,520	166,652
Total Comprehensive loss for the year	341,520	166,652

At 30 June 2021 InvestSMART Group Ltd has a contingent liability for guarantees for office rentals of $97,106 (2020: $63,256).

The accounting policies of the parent entity, InvestSMART Group Limited, used in determining the financial information shown above, are the same as those applied in the Group's consolidated financial statements, as detailed in Note 2.

24. Segment information

The Group has only one reportable segment. The Group is engaged solely in retail financial services conducted in Australia, deriving revenue from commissions, subscriptions and funds management fees. The entity's operations are merged across subsidiaries, management, location and presentation of reporting. The operating segment identification is based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and in determining the allocation of resources.

25. Events occurring after reporting date

Since 30 June 2021 an investee venture capital company completed a capital raise which provides evidence of conditions that existed at 30 June 2021. Financial assets at fair value through profit and loss have been adjusted to reflect the event. There have been no other significant events since 30 June 2021 up to the date of this report.

26. Company details

The registered office and principal place of business of the Company and subsidiaries is:
Suite 2, Level 2, 66 Clarence St
Sydney NSW 2000

Directors' declaration

In accordance with a resolution of the Directors of InvestSMART Group Limited, I state that:

1. In the opinion of the Directors:

   (a) The financial statements, notes and the additional disclosures included in the Director's Report designated as audited, of the Company are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the financial position of the Company as at 30 June 2021 and of its performance for the year ended on that date.

   (ii) complying with Australian Accounting Standards, International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, as disclosed in Note 2 and Corporations Regulations 2001.

   (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2021.

On behalf of the Board

Paul Clitheroe
Chairman
Dated this 25th day of August 2021 at Sydney

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Australia

INDEPENDENT AUDITOR'S REPORT

To the members of InvestSMART Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of InvestSMART Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

BDO

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Financial Assets Held at Fair Value

Key audit matter	***How the matter was addressed in our audit***
Note 5 to the financial report discloses the Group's investment in unlisted securities and call option totalling to $3,185,701 (2020: $2,179,293). These comprise three holdings in companies in the financial technology sector and a call option to purchase shares of an unlisted company. The investments and call option are measured within level 3 of the fair value hierarchy as defined in AASB 13 *Fair Value Measurement*. The valuation of these investments is a key audit matter due to the value of the assets as well as the presence of significant unobservable inputs into their valuation.	Our audit procedures included, amongst others: • Through independent valuation specialist, assessed the appropriateness of the valuation model, discount rates and reasonableness of the fair values; • Agreed inputs such as purchase price and last traded price, stock and exercise prices to observable external sources and internal documents; • Assessed the volatility and discount rates used by reviewing the relevance of comparative entities; • Performed sensitivity analysis to assess the potential impact of change in assumptions and found that assumptions used by management where at a reasonable range; • Compared consistency in the valuation techniques applied in previous reporting periods; and • Ensured the adequacy of the disclosures relating to the investments within the financial report and within Australian Accounting Standards.

Valuation of Share-based Payments

Key audit matter	*How the matter was addressed in our audit*
Note 14 to the financial report discloses modification of the share-based payment plan of the Group during the period. The Group recognised during the year employee benefits expense in relation to the share-based payments of $215,165 (2020: $55,865). The valuation of the share-based payments as a result of the modification is a key audit matter due to the complexity in the accounting treatment and the degree of judgement and estimation in the inputs for the fair value of the new plan.	Our audit procedures included, amongst others: • Engaged the BDO valuation specialist to assess the appropriateness of the valuation technique, the calculation and the assumptions and inputs used; • Reviewed the appropriateness of the accounting treatment in accordance with AASB 2 *Share-based Payments*; • Reviewed minutes of meetings and Group announcements to ensure completeness of information considered in the calculations; • Verified instruments to supporting agreements and contracts, where available; and • Ensured the adequacy of the disclosures relating to the share-based payments within the financial report and within Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 10 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of InvestSMART Group Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO

Tim Aman
Director

Sydney, 25 August 2021

Additional Information

Additional information required by the Australian Securities Exchange Listing Rules is set out below.

The security holder information set out below was current at 24 September 2021.

There were 139,077,535 ordinary shares held by 1,090 shareholders, all of which were quoted on the Australian Securities Exchange. There are no restricted shares on issue. There are no unquoted shares on issue.

Distribution of shareholders

Holdings Ranges	Holders	Total Shares	%
1-1,000	330	56,561	0.04
1,001-5,000	234	975,794	0.70
5,001-10,000	153	1,328,770	0.96
10,001-100,000	238	9,101,016	6.54
100,001 and over	135	127,615,394	91.76
Totals	**1,090**	**139,077,535**	**100.00**

The number of shareholders holding less than a marketable parcel of fully paid ordinary shares is 347.

Top 20 shareholders:

Shareholder name	Number of shares held	%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	16,216,882	11.66%
WEBABOUT PTY LTD	4,433,334	3.19%
HARRIETTE & CO PTY LTD <HARRIETTE INVESTMENT A/C>	4,334,011	3.12%
ROBIN ANNE OWLES & RON PETER HODGE <HODGE FAMILY NO 2 A/C>	4,299,999	3.09%
MR NIGEL ANDREW POOLE <POOLE FAMILY A/C>	4,166,666	3.00%
MR PAUL HUGH CLITHEROE	4,000,000	2.88%
TORONTO COVE PTY LTD	4,000,000	2.88%
BELIKE NOMINEES PTY LIMITED <SHARE PLAN A/C>	3,760,765	2.70%
MRS ROBIN ANNE OWLES & MR PETER RON HODGE <HODGE FAMILY SUPER FUND A/C>	3,700,124	2.66%
MYALL RESOURCES PTY LTD <MYALL GROUP SUPER FUND A/C>	3,300,000	2.37%
S M & R W BROWN PTY LTD <ROBERT & SALLY BROWN SF A/C>	3,091,000	2.22%
MRS ANTONIA CAROLINE COLLOPY	3,017,928	2.17%
RONNSCAM PTY LTD <DAVIDSON FAMILY A/C>	3,000,000	2.16%
MRS CATHERINE MAREE JORDAN	3,000,000	2.16%
PATCAIELI PTY LTD <THE JKO SUPER FUND A/C>	2,702,747	1.94%
CAMERON RICHARD PTY LTD <CAMERON RICHARD SUPER A/C>	2,605,221	1.87%
PENDEX PTY LTD <PATCAIELITRUST A/C>	2,301,991	1.66%
ONMELL PTY LTD <ONM BPSF A/C>	2,300,000	1.65%
MR PETER RAYMOND DAVIES	2,090,846	1.50%
FROHSHIBER PTY LTD	2,000,070	1.44%
LEYLAND PRIVATE ASSET MANAGEMENT PTY LTD	2,000,000	1.44%
VADINA PTY LIMITED <JORDAN SUPER FUND A/C>	1,940,000	1.39%
Total Securities of Top 20 Holdings	**82,261,584**	**59.15%**
Total Securities on issue	**139,077,535**	**100.00%**

Voting rights

At a general meeting, shareholders are entitled to one vote for each fully paid share held. On a show of hands, every shareholder present in person or by proxy shall have one vote and upon a poll, every shareholder so present shall have one vote for every fully paid share held.

Substantial shareholders

The Company has been notified of three shareholders who hold relevant interests of in excess of 5% of the Company's ordinary shares:

Name	Date of Interest	No of shares[1]	Percentage[2]
Leyland Private Asset Management Pty Ltd	15 November 2017	25,138,492	18.94%
Perpetual Limited	17 December 2020	14,787,133	10.67%
Ron Hodge	1 June 2021	13,704,969	9.898%

[1] As disclosed in the last notice lodged with the Australian Securities Exchange by the substantial shareholder.
[2] The percentage set out in the notice lodged with the Australian Securities Exchange is based on the total issued capital of the Company at the date of the interest.

Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange Limited.

On-market buyback

The Company announced that it would commence an on-market share buyback of up to 5% of its issued share capital on 25 June 2020. During the buy-back period 377,823 shares were bought back and cancelled effective 5 October 2020.

The expiration of the on-market buyback was announced on 14 July 2021.

Directory

Registered Office

Suite 2, Level 2
66 Clarence Street
Sydney NSW 2000

Directors

Paul Clitheroe AM (Chairman)
Ron Hodge (Managing Director)
Michael Shepherd AO (Lead Independent Non-Executive Director)
Effie Zahos (Independent Non-executive Director)

Company Secretary

Martin Conley

Share Registry

Automic Pty Ltd
Level 5
126 Phillip Street,
Sydney NSW 2000

Shareholder Enquiries

Telephone: 1300 288 664 (within Australia); +61 2 9698 5414 (outside Australia)
Email: hello@automicgroup.com.au
Website: https://investor.automic.com.au

Auditors

BDO Pty Ltd
Level 11, 1 Margaret St
Sydney NSW 2000
Telephone: +61 2 9251 4100

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