

Released to the Market – 21 August 2014



Australasian Wealth Investments

FULL YEAR RESULTS (FY2014)

PRESENTATION TO SHAREHOLDERS – 21 AUGUST 2014



1. Overview

AWI Highlights



INVESTMENT PORTFOLIO SNAPSHOT

- Statutory final accounts – statement of financial position – reflects restructure steps during FY2014
 - Termination of LIC arrangements (and acquisition of LIC management rights)
 - Acquisition of 100% of InvestSMART, YourShare and Intelligent Investor
 - Write down of van Eyk Research (to \$7.5 million in December 2013)
 - Establishment of AWI Ventures
- AWI cash & dividend receivable at 30 June 2014 of \$4.7 million (with a further \$2.6 million in cash held in wholly owned subsidiaries)

Audited balance sheet – at 30 June 2014	
Assets (\$m)	
Cash & dividend receivable	4.7
Other current assets	0.1
Investment – Digital Direct*	19.4
Investment – Intelligent Investor**	6.9
Investment – AWI Funds	–
Investment – van Eyk Research***	7.5
Investment – AWI Ventures	1.0
Total Assets (\$m)	39.6
Total Liabilities – future payments	(2.6)
Net Assets (\$m)	37.1
NTA (cents per share)	33.4

* Digital Direct group comprises InvestSMART & YourShare

** A final installment for the acquisition of Intelligent Investor, estimated to be \$2.3 million, is payable on 31 December 2014

*** Fully paid stake of 36.2% (acquired for \$13.3 million and written down to \$7.5 million in December 2013)

AWI Group Result – 30 June 2014



CASH DISTRIBUTIONS FROM SUBSIDIARIES IS THE FOCUS

- In 2013/14, dividends streamed to AWI Limited from subsidiaries
 - InvestSMART and YourShare paid \$1.65 million
 - No dividend from van Eyk Research
- ‘Change in fair value of financial assets’ includes the \$5.8m write down of the investment in VER in December 2013
- Corporate costs of \$2.3 million
 - Includes non-recurring expenses of \$1 million

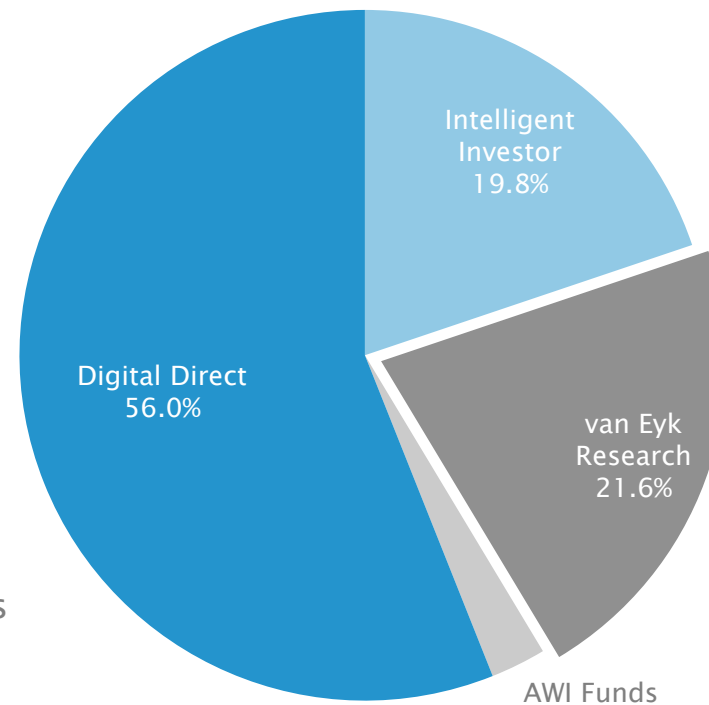
AWI Limited Income Statement		
(\$'000s)	2013/14	2012/13
Dividend income from subsidiaries	1,650	-
Interest income from financial assets	127	310
Change in fair value of financial assets	-6,175	-6,570
Other revenue	-	23
Total Income	-4,398	-6,237
Employee costs	-460	-
Directors' fees	-92	-80
Employee benefit expense	-99	-
Other expenses	-667	-246
Non-recurring expenses	-1,009	-201
Total expenses	-2,327	-527
Loss before income tax	-6,724	-6,764
Income tax benefit / (expense)	-	-241
Loss for the year	-6,724	-7,006

AWI Highlights Continued...



CORE INVESTMENTS IN DIGITAL WEALTH DISTRIBUTION & RESEARCH

- Acquisition of InvestSmart and YourShare (collectively the 'Digital Direct' group) successfully completed during the first half
- Intelligent Investor acquired as at 30 June 2013
- A range of attractive opportunities to build out our compelling proposition for self-directed investors and to take advantage of new technology and (disruptive) product and service innovation
- van Eyk Research is no longer a strategic asset – we are seeking to maximise value, by any means possible, from this investment
- We are building out our Analytics capability – seeking to understand in detail the self directed investor and the wealth segment in Australia



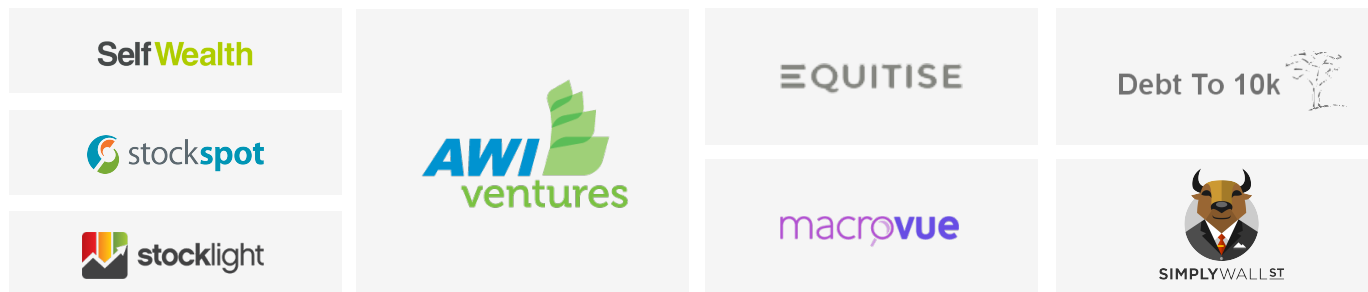
Financial assets at fair value – \$34.8 million

AWI Highlights Continued...



INNOVATION & ORGANIC GROWTH ARE KEY TO OUR LONG TERM SUCCESS

- AWI Ventures established (outsourcing R&D to complement core businesses)
 - Effective innovation is decentralised, but within a framework



- AWI Funds established (organic growth strategy) and first mandate won
 - Tim Chesterfield joined AWI as Group CIO in July 2014
 - Advisory mandate with an institutional client
- Effective execution remains the key driver of success
 - Focus on our core themes, in particular, Digital Direct & Intelligent Investor
 - Plus smaller investments in innovative investor centric business models (AWI Ventures will house our portfolio of early stage investments)
 - Further opportunistic acquisitions that meet strategic objectives & ROI targets



2. AWI Vision & Strategy

PRO-ACTIVE INVESTMENT IN THE FINANCIAL SERVICES SECTOR



An investment company seeking to capitalise on a range of opportunities in the financial services sector

Regulatory change (FOFA et al) and the growth of 'self directed investing'

Taking advantage of new technology & (disruptive) product & service innovation

Intergenerational wealth transfer

Australia's Wealth Landscape



AUSTRALIANS ARE ALREADY SELF DIRECTED INVESTORS



Sources: Rice Warner Actuaries and Investment Trends, 2013. The total personal investments market was \$2,124 billion at 30 June 2012 excluding \$1,404 billion in superannuation assets.

Australia's Wealth Landscape

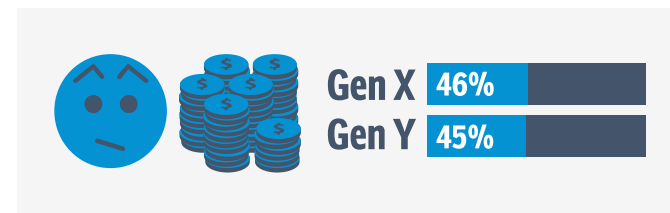


INTER GENERATIONAL WEALTH TRANSFER

- Over the next 20 years, the share of financial assets held by Generations X & Y will grow from 36% in 2010 to 70% in 2030¹
- By 2020, Gen Y is predicted to represent 35% of the Australian workforce...They expect to start their economic life in the same prosperity in which they've seen their parents finish theirs¹
- 46% of Gen Xs and 45% of Gen Ys don't feel confident managing their finances¹
- In 2020 when the oldest Baby Boomers hit their mid 70's, we will witness the biggest intergenerational wealth transfer in history²

Sources:

- The Digital Investor, Telstra;
- McCordle Research



2020 *biggest intergenerational wealth transfer*

Core Themes



INVESTMENT IN CORE WEALTH RELATED THEMES



Digital Strategy & Product Set



875,000 VISITORS TO AWI DIGITAL PROPERTIES IN THE PAST 6 MONTHS*



				Aggregate
Unique Visitors*	35,000	590,000	250,000	875,000
Customers**	13,863	8,750	5,784	28,397
ARPC***	\$415	\$342	\$543	\$419

*Traffic data, sourced from Google Analytics, for the period 1 January 2014 to 30 June 2014

** Individual customers as at 30 June 2014

*** Average gross revenue per customer per annum (ARPC)



3. Digital Distribution



Digital Distribution

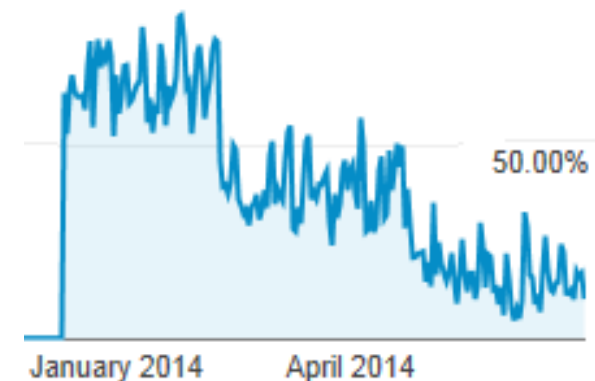


2013/14 ACHIEVEMENTS

- Acquisitions of YourShare and InvestSMART
 - YourShare and InvestSMART operations and accounts integrated
 - YourShare Cashback scheme modified and communicated with clients
- Major overhaul of YourShare website achieved better than expected client engagement rates
 - Bounce Rates dropping to below 15% from 40% and over 70% of all traffic now using the YourShare calculator
- Revamped InvestSMART website rolled out
 - Early results encouraging
 - Focus now on its three main content or product pillars SAVE | INVEST | PROTECT



YourShare Website Bounce Rates



Source: Google Analytics

Digital Distribution



2014/15 PRIORITIES

- Roll out national marketing campaign for YourShare
 - Targeting CPA < \$400
 - Targeting annual gross revenue per client > \$400
- 'Higher' net worth YourShare clients will start to be exposed to InvestSMART offerings and portfolio manager
- Life Insurance to be offered by InvestSMART – both individual underwriting and SMSF group insurance through AIG
- InvestSMART currently has 40,000 client portfolios monitored through its My Portfolio web services
 - Roll out of our 'Portfolio Health Check' will increase take-up
 - Targeting 60,000 portfolios within 12 months
- InvestSMART diversified SMA portfolios to be launched in Q3 2014



4. Research & Information



Intelligent Investor



ACQUIRED ON 30 JUNE 2014

- Australia's leading retail-focused investment research house
- Intelligent Investor is helping investors build long-term wealth by providing exceptional analysis, advice and investment solutions that are actionable and easy to understand
- The focus today is the publishing assets: ~5,750 paid members, average revenue (post discounts) \$543

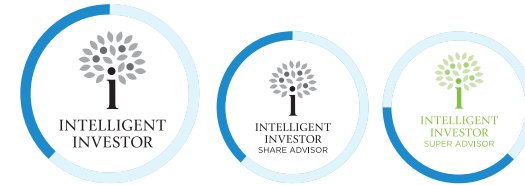


Intelligent Investor



2014/15 PRIORITIES

- Rebuild technology platform (for completion in December 2014)
- Refresh digital properties
 - Non proprietary content in front of the pay wall
 - i.e. educational content
 - Opportunities for advertising revenue
- Launch several new publishing products
 - Refocus pricing
 - Significantly grow audience and subscribers
- Future opportunities: online advice and portfolio trading & investment solutions



Model portfolios

CONSERVATIVE PORTFOLIO

The Conservative Portfolio has returned 9.6% per annum since it was launched. The Conservative Portfolio's return so far has been greater than what you would normally expect and reflects the strong performance of risk assets across the board. Our international share funds performed strongly, but big contributions were also made by the likes of Sydney Airport (SYD), Amalgamated Holdings (AHC) and Computershare (CPU).

Table 3 shows the Conservative Portfolio at 30 June 2014, updated to reflect the new asset class descriptions and repositioning the fund distributions that we were entitled to at 30 June, but hadn't received in the bank.

What this period highlights is the danger of being too heavily invested in cash (or any other asset class). Conservative investors focused on online savings accounts and term deposits would have earned around £20,000 to £25,000 (4% to 5%) on a £100,000 balance, leading the Consumer Price Index (CPI) measure of inflation (currently just under 3%) but failing to keep pace with key components within it – for instance electricity and some medical costs – and house prices that directly picked up in CPI.

A diversified portfolio, like our Conservative Portfolio, gives you more chance of keeping up with inflation, without exposing you to a large amount of risk. Conservative investors should also consider including (small) investments in more aggressive investments in their portfolio – for instance, small company funds, or our gold basket. They're not for everybody (which is why we don't include them in our Conservative Portfolio) but can add to your overall returns in the long term.

MODERATE PORTFOLIO

The Moderate Portfolio has returned 12.3% per annum since it was launched. The Moderate Portfolio has more exposure to risk assets than the Conservative Portfolio and its performance reflects this. A higher exposure to international shares – especially the United Investment Companies, Platinum Capital (PAC) and Templeton Global Growth (TGG) – helped drive this result, as did the local investments. The Moderate Portfolio's returns, like the Conservative Portfolio's, have been helped by Sydney Airport, Amalgamated Holdings and Computershare (see Table 4 on page 7), but it also has stakes in Edie Entertainment (EDP) and the Allan Gray Australia

Equity Fund, both of which performed strongly. On the flip side, the Aspect Shop (TKS) has been a drag so far and Magellan Global Fund (part of the Conservative Portfolio) has underperformed the other international investments. Mind you, it's still provided us with 12% since we invested in it.

Even more so than conservative investors, those with a bit more risk tolerance should consider adding small stakes in aggressive investments. For instance, they might consider some of the investments held by our Aggressive Portfolio – like Vision Eye Institute (VEI) or Aberdeen Australia Small Companies Fund. Moderate investors might also consider the gold basket of stocks, or a slightly more aggressive allocation to international shares.

Remember that your overall balance and personal factors are very important. For an older person, with a relatively small balance, smaller investments might not be worth the bother. Another person might want to adopt a moderate asset allocation but be comfortable investing their Australian share component very aggressively. Our model portfolios should be used as 'food for thought' to enable you to build a portfolio that suits you.

AGGRESSIVE PORTFOLIO

The Aggressive Portfolio has returned 15.3% per annum since it was launched. The Aggressive Portfolio has the largest exposure to risk assets, which has driven its result. In addition to the Australian shares and international funds and LICs mentioned previously, it has had success so far with stakes in Awo Group (AOC) and, to a lesser extent, Vision Eye Institute (VEI).

While we're looking for growth our Aggressive Portfolio is diversified and we've been somewhat cautious to date, holding cash and bond funds in reserve (see Table 5 on page 8). It's fairly low risk for an aggressive portfolio and so while happy that our performance compares favourably with the Australian sharemarket tracking Vanguard Australian Shares ETF (VAS), which has returned 15.2% per annum over the same period.

In an 'alternative universe', where equity markets fell and central banks loosened their purse strings even further, we'd expect to have generated our capital (or even had a small positive return) and be in a position to take out of, say, the Schroders Fixed Income Fund, into risk assets. But at this stage, we're not comfortable doing this, preferring aggression to be reflected in some of our individual investments, rather than our asset allocation.

What this period highlights is the danger of being too heavily invested in cash (or any other asset class).

NO LONGER A CORE INVESTMENT

- AWI holds a 36.2% equity stake in van Eyk Research
- We do not see van Eyk Research playing a strategic role
- It is no longer our ambition or intention to move to control
- We are seeking to maximise value, by any means possible, from this passive investment
- *As we have advised the market, van Eyk Research has notified its shareholders that four van Eyk Blueprint funds were terminated effective 15 August 2014. AWI is monitoring developments in relation to this situation and the impact it may have on the value of AWI's investment in van Eyk Research and we will keep the market informed in relation to this matter*





5. Funds Management



AWI Funds



ORGANIC GROWTH STRATEGY; SEEKING TO LEVERAGE OUR DISTRIBUTION



- Tim Chesterfield has joined AWI as Group CIO and Head of AWI-Funds
 - Over 20 years experience in Australia & the UK
 - Most recently with AMP Capital
- Focus on asset allocation (SAA and TAA) as a source of alpha
 - Utilising core & satellite building blocks
- Initial mandate with an institutional client
- Developing retail offerings for InvestSMART and Intelligent Investor client bases



7. AWI Ventures



BUILDING AN ECOSYSTEM FOR 'FINTECH' VENTURES



- Our goal is not to build an innovative product; but a company that can continually innovate
 - Working with disruptive “opportunity focused’ entrepreneurs
 - Relentless experimentation begets breakthrough innovation
 - Clarity & laser focus on an ‘idea’ is the key to success

- AWI Ventures has invested \$0.75 million in 3 early businesses

SelfWealth

stockspot

stocklight

- And a further \$0.4 million in 4 investments through our Accelerator

- AWI Ventures will also develop ‘in-house’ ventures



INNOVATION IS A NUMBERS GAME



Debt To 10k 

- Debt to 10k gives people a new way to clear debt and start saving

 **EQUITISE**

- An end-to-end equity crowd funding platform for SMEs and for high growth early stage businesses seeking growth capital or to transition ownership

macrovue

- Macrovue turns ideas into investments



- A mobile app that offers a sophisticated yet simple way of looking at the share market



7. Board & Governance

Board & Governance



EXPERIENCED MANAGEMENT & INDEPENDENT BOARD OVERSIGHT

- Board revamp nearing completion; skills based directors with the expertise and experience to contribute to the future of AWI
 - Andrew Barnes as Chairman
 - Ben Heap as Managing Director & CEO
 - Mike Shepherd and John O’Connell have joined the Board as independent non-executive directors (ensuring a majority independent Board)
 - A further independent non-executive director, with relevant skills and expertise, will join the Board in coming months

- AWI has completed a review of its governance framework
 - A copy of AWI’s Policies is available on the Company’s website (www.awilimited.com)

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