



Australasian Wealth Investments Limited
ACN 111 772 359

Suite 102, Level 1,
Fairfax House,
19-31 Pitt Street,
SYDNEY, NSW, 2000

PO Box R1053,
ROYAL EXCHANGE, NSW, 1225

Telephone: +61 2 9098 5071
Facsimile: +61 2 8569 1516

26 November 2014

Attention: Company Announcements
ASX Limited

By E-Lodgement

**ANNUAL GENERAL MEETING OF AUSTRALASIAN WEALTH INVESTMENTS LIMITED (ASX Code: AWI),
HELD ON 26 NOVEMBER 2014 – ADDRESS BY CHAIRMAN OF THE MEETING & ADDRESS BY
MANAGING DIRECTOR & CEO**

Address by Mr Michael Shepherd, Chairman of the Meeting

As you are aware this has been a transition year for the Company and also a difficult one in some respects. This is reflected in the share price.

AWI is no longer a Listed Investment Company, having internalised management at last year's Annual General Meeting.

The Company is now focused on a single sector - financial services, in particular, the wealth segment - with attractive long-term growth drivers and where there is the potential for opportunistic investment.

During the year to 30 June 2014, we successfully completed the divestment of AWI's previous investment portfolio.

We have acquired a range of financial services assets (notably, InvestSMART, YourShare and Intelligent Investor) with a focus on digital direct-to-consumer products and solutions for self-directed investors. We have cornerstone investments in digital distribution and in innovative products and services that complement our distribution channels.

We have also established AWI Ventures in order to support talented individuals and early stage innovative business models, which we believe will benefit AWI. We have invested in seven such ventures and we are looking forward to working with these businesses as they grow. Our Managing Director and CEO will share some examples shortly.

The Company recorded a net loss of \$6.7 million.

The major contributor to this result was a revaluation of our significant minority investment in van Eyk Research Pty Ltd. As you know, the Board wrote down the value of this investment by \$5.8 million during the first half of 2013/14.

This has been a very disappointing investment, and it is appropriate I make some comments on this matter:

- In March 2013, the Company acquired a 49.6% stake in van Eyk Research with the intention to take control of the business and to integrate it into AWI. We had developed a transition plan that we believe would have realised significant value from our investment.
- Our efforts to take control of the business culminated in a General Meeting of van Eyk where we sought to secure board seats. We were unsuccessful and at that time, without the ability to drive an alternative strategy, decided to write down our investment.
- In July 2014, Macquarie Bank, the responsibility entity for a number of funds managed by van Eyk, suspended these funds. Ultimately, Macquarie Bank decided to terminate these funds. In August 2014, van Eyk Research Pty Ltd entered into voluntary administration and subsequently, the Company was placed into liquidation.
- The Board of AWI considered but decided not to participate in the sale of the business assets of van Eyk. We had no comparative advantage over other potential bidders and we no longer believed the business had the scale necessary to support an independent operation.

We expect these events will impact further our current carrying value of this investment of \$7.5 million. We will continue to keep shareholders informed in relation to this matter.

This investment loss is bitterly disappointing, but does not reflect the fact the overall portfolio of assets in the Company at 30 June 2014 is expected to generate positive earnings going forward. Our Managing Director and CEO will talk to this shortly.

Turning to other matters, the Board of the Company has been strengthened and includes a majority of independent directors. I commend to you Mr John O'Connell, who was appointed during the year, and Mr Paul Clitheroe, whose elections, as non-executive directors, are the subject of resolutions at this Annual General Meeting. Having also been appointed during the year, I offer myself for election as a non-executive director.

Whilst we are focused on revenue and earnings growth in our cornerstone businesses, we continue to see from time-to-time investment opportunities. We have limited capital available for acquisitions, in the order of \$4 million, and we are not inclined to raise capital at current prices.

However, as our share price improves, we will seek to pursue those opportunities where the strategic rationale is sound and prices are attractive. The Board and I are excited about the opportunities - both through organic growth and non-organic acquisitions - available to us.

We believe we have management – with relevant expertise to execute on this strategy of investing in financial services and the experience to manage our evolving investment portfolio - that can deliver on these opportunities.

I would like to conclude my comments by thanking shareholders for their support. On behalf of the Board, we look forward to delivering revenue growth and consistent cash flow, and delivering on your Company's exciting growth initiatives, over the next 12 months and in the longer term.

Address by Mr Ben Heap, Managing Director & CEO

As you are aware, AWI is seeking to build a long term enduring portfolio of businesses that capitalise on a number of core themes - including the rise of the self directed investor, digital disruption and generational wealth transfer.

In simple terms, our goal to match the needs of self-directed investors, with what is technically feasible, where we can design and maintain a viable business model.

It remains our belief that the market environment and opportunity for our business strategy, based around our core themes, is highly attractive.

We are seeking to balance exploitation of our existing core businesses and exploration of new concepts for self-directed investors (via our 'outsourced R&D model' – AWI Ventures). This balance is, in our view, critical as we seek to create enduring competitive advantage. We will exploit our more mature businesses, to refine and optimise our profitability; and at the same time we will invest in new business models - including through AWI Ventures. We have so far invested in 7 early stage businesses in each case supporting entrepreneurs who are seeking to disrupt existing business models or to create new ones and thereby to find new enduring sources of competitive advantage.

We are pleased with how our core businesses – YourShare, InvestSMART and Intelligent Investor – are tracking.

As I have said before, we are focused on three key metrics: website traffic, customer numbers and average revenue per customer. These drivers will determine our revenue growth. Given the scalable nature of our businesses, revenue growth is the key to our earnings growth.

Earlier this month, we released to the ASX performance data for the first quarter of Financial Year 2015.

With respect to YourShare, we have been advertising for five months in Sydney initially and more recently in Melbourne. Our estimated average revenue per customer is around \$500, approximately half of which we rebate to the customer, and our acquisition cost is around \$300. On this basis we have a payback period of approximately 12 months on our advertising spend.

With respect to InvestSMART, we have made significant improvements to the website and we have recently launched the new InvestSMART SMA or separately managed account. While we have not grown customer numbers we have seen an increase in average revenue per customer and in run rate revenues. Website traffic and customer growth is a key focus for the InvestSMART management team.

With respect to Intelligent Investor, we have generated a substantial increase in web traffic since July, with 216,000 unique visitors in the three months to the end of September, versus 131,000 in the period to 30 June 2014. This traffic growth has been as a result of a repositioning of our content strategy so that website visitors can access certain content 'in front of the subscription pay wall'. Our subscriber numbers stand at around 6,000 and we believe we can grow this number by a further 10% this financial year.

We have also launched Buy-Hold-Sell, a new low cost offer, and will launch a premium product in December, and a new online Advice product in 2015 – one that we hope will impact the market in Australia. We believe we can capture significant revenue growth from these initiatives.

Our AWI Ventures business has achieved some early wins.

One example is Stockspot, a robo-advice business in which we have an investment. Stockspot has doubled its funds-under-management each month since in launched. While still in the early stages of its growth, we have high hopes for this investment.

Another example is Macrovue, one of the businesses we seeded through our Accelerator programme. Macrovue is a thematic investment model offering investors a simple and convenient way to buy portfolios of direct stocks. Macrovue has entered into a distribution agreement with Intelligent Investor. We believe this will benefit both Macrovue and Intelligent Investor.

When we launched AWI Ventures in January of this year, it was one of the first financial services technology (or Fintech) accelerators in the world. It remains the only Fintech accelerator in Australia. We have we believe established a reputation as a preferred partner for early stage Fintech ventures.

Based on recent discussions with sophisticated and institutional investors, we believe there is potential to raise third party capital in AWI Ventures in order to facilitate further investment in early stage businesses, and to allow AWI to follow its investments in the most successful of these early stage businesses. This will also allow AWI to generate a revenue stream, as an investment manager, with respect to AWI Ventures.

We encourage shareholders to visit our website (www.awilimited.com.au) to learn more about our portfolio of businesses.