



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

18 February 2015

Attention: Company Announcements
ASX Limited

By E-Lodgement

AWI BUSINESS UPDATE – QUARTER ENDING 31 DECEMBER 2014

Dear Shareholder,

This is a summary of the financial performance, and performance against key metrics, of your company for the quarter to 31 December 2014.

Consolidated Accounts for the (for the quarter and the half-year ending 31 December 2014)

As is referenced in the Interim Financial Report released today, the Board of Australasian Wealth Investments (AWI) has changed the investment policy of the Company – from holding investments for future sale to retaining investments and integrating their operations. This change means that rather than operating a portfolio of businesses, AWI will integrate its businesses and products into one operation and focus on its digital wealth strategy for the self directed investor.

As a consequence, AWI will report its financial performance on a consolidated basis in the future. The Interim Financial Report released today has been prepared on an investment accounting basis and we therefore present below our financial results on a consolidated basis to assist in understanding our underlying performance:

FY2014 FINANCIAL PERFORMANCE* (\$)	First Quarter (to 30 Sept 2014)	Second Quarter (to 31 Dec 2014)	First Half (to 31 Dec 2014)
YourShare Income	1,472,790	1,375,126	2,847,916
InvestSMART Income	788,680	701,190	1,489,870
Intelligent Investor Income	833,526	793,393	1,626,919
Other Income	204,522	220,976	425,498
Total Income	3,299,518	3,090,685	6,390,203
Rebates Paid	603,426	648,074	1,251,500
Employee Costs	1,347,713	1,353,396	2,701,109
Other Expenses	1,010,379	1,112,371	2,122,750
Total Operating Expenses	3,011,518	3,075,341	6,075,359
PBT	288,000	26,839	314,839
CIR (%)	91%	99%	95%
Cash at Bank (end of period)	6,489,691	5,736,919	5,736,919

*This table has been prepared by management and is unaudited. It is consistent with and should be read in conjunction with the Interim Financial Report.

** Other Income includes revenue from AWI Ventures, AWI Funds and from interest earned on cash-at-bank.

Revenue declined 6% in the December quarter. Although there are reasons for this decline, discussed below, this is clearly unacceptable. We are seeking to capture a leading market share in the self directed investor market and it is crucial that we are increasing our market share and revenues, and doing so at a faster rate than our competitors.

To date we have run each business independently, consistent with our portfolio approach. It is clear that we will benefit from a closer collaboration between our brands. Accordingly, we will centralise the management of our digital properties, products and solutions. We believe this will allow us to pursue a more coherent set of product strategies, and to better utilise our customer relationships.

With the centralisation of our operations and management we believe there will be opportunity to release some cost synergies; however, the greater opportunity is to capitalise on the potential revenue synergies across our digital customer databases via a consolidated customer relationship and marketing strategy. We expect to see revenue and profit traction over coming quarters.

Core product performance metrics and commentary:

As has been communicated to shareholders, management is focused on three key metrics: website traffic, customer numbers and average revenue per customer. These drivers will determine our revenue growth and, given the scalable nature of our businesses, revenue growth is the key to our earnings growth.

Performance in these key metrics for the December quarter was as follows:

FINANCIAL METRICS - FY14 Q2	YourShare	InvestSMART [#]	Intelligent Investor	AWI Group [^]
Unique visitors*	22,000 (-24%)	283,000 (-)	261,000 (+21%)	566,000 (+7%)
Customers**	13,455 (-2%)	8,657 (-1%)	6,508 (+9%)	28,620 (-)
Products per customer	1.5 (-)	1.6 (-)	1.2 (-)	1.5 (-)
ARPC (\$)***	409 (-4%)	324 (-10%)	488 (-12%)	432 (-7%)
Annualised run rate revenue (\$m)	5.501 (-7%)	2.805 (-11%)	3.174 (-4%)	12.363 (-6%)

*Traffic data for the period 1 October 2014 to 31 December 2014 (compared to the three month period to 30 September 2014)

** Individual customers or subscribers as at 31 December 2014 (compared to customers as at 30 September 2014)

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

Customer numbers, in relation to InvestSMART, is an estimate (due to timing delays in the provision of relevant information from fund managers)

[^] AWI Group includes IS, YS, II and it includes \$0.8m in annualised run rate income from AWI Ventures and AWI Funds.

While we have traction in some of our key metrics (notably our Intelligent Investor website traffic and customer numbers), we would prefer to see positive growth in all of our metrics and in our annualised revenue each quarter. This was not the case in the December quarter. Nevertheless, we remain confident that over this financial year, and over the next several years, our strategy is valid and we will deliver revenue growth.

I have included below some specific comments for each of our core brands:

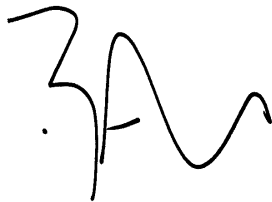
YourShare: We are disappointed that we have not seen greater customer traction in the December quarter. Revenues were also down in part due to market movements, and in part to lower customer numbers. Our advertising campaign was effective in Sydney (in the September quarter), but less so in Melbourne (in the December quarter). We will continue to refine our marketing to maximise its effectiveness and we have and will continue to optimise the operations of YourShare, which will improve our profitability over time.

InvestSMART: Our customer numbers were marginally lower in the December quarter. The relatively large fall in ARPC reflects in part the irregular payment schedules of fund managers (we generally book revenue in the quarter in which it is received and therefore the timing of these payments can skew our quarterly revenue). On a positive note, the InvestSMART SMA was launched in the quarter and we are optimistic this product will attract new inflows over coming quarters.

Intelligent Investor: Since our acquisition in July 2014, we have been pleased with the early progress in the Intelligent Investor business. The management team has launched two new products (*Buy Hold Sell* in August 2014 and *Share Advisor Premium* in January 2015) and the launch of www.intelligentinvestor.com.au has led to a significant uplift in web traffic. Customer numbers increased in the quarter and we expect this growth to continue in the second half of FY15. ARPC was lower in the December quarter reflecting the addition of the *Buy Hold Sell* product at a lower price point and reflecting historic discounted pricing. We expect this number to recover in coming quarters as *Share Advisor Premium* comes on line (it is a higher price point product).

Please feel free to contact me if you have any questions (benheap@awilimited.com or +612 9098 5073).

Yours faithfully



Ben Heap
Managing Director & CEO
Australasian Wealth Investments Limited