



Australasian Wealth Investments

HALF YEAR RESULTS (DECEMBER 2013)

PRESENTATION TO INVESTORS – 20 FEBRUARY 2014

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1. Overview

AWI Highlights



FINANCIAL SNAPSHOT

- Statutory interim accounts reflect restructure steps during the first half of FY2014
 - Acquisition of InvestSmart & YourShare
 - Write down of van Eyk Research
 - Termination of LIC arrangements (and acquisition of LIC management rights)
- Underlying earnings guidance to FY2014
 - InvestSmart (including YourShare) annualised revenues of \$8.7 million
 - InvestSmart (including YourShare) annualised EBITDA of \$3.1 million
 - No dividends budgeted from van Eyk Research or AWI Ventures (including SelfWealth)
 - Annualised AWI corporate costs of \$0.8 million
 - On track to deliver a modest initial dividend for the full year

Audited balance sheet – at 31 December 2013

Assets (\$m)	
Cash*	8.4
Investment – InvestSmart	7.0
Investment – YourShare	12.5
Investment – van Eyk Research**	7.5
Other Investments	0.8
Liabilities (\$m)	
Total Liabilities	(0.1)
Net Assets (\$m)	
	36.1

* After final installment for YourShare

** Fully paid stake of 36.2% (acquired for \$13.3 million and written down to \$7.4 million)

AWI Highlights Continued...



RE-STRUCTURE OF AWI HAS BEEN LARGELY COMPLETED

- Acquisition of InvestSmart and YourShare successfully completed
 - 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 investment diluted to 36.2% (and re-valued at \$7.5 million based on the recent convertible note conversion price)
 - Intention to move to control if possible and opportune (although this appears less likely in the near term)
- AWI Ventures established (outsourcing R&D to complement core businesses)
- Board revamp underway; targeting skills based independent directors with the expertise and experience to contribute to the future of AWI

AWI Vision



PRO-ACTIVE INVESTMENT ACROSS 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) represents an opportunity, e.g. the growth of 'self directed investing'

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

Intergenerational wealth transfer

Why Financial Services



INDUSTRY TAILWINDS PLUS DISRUPTIVE CHANGE ON THE HORIZON

- Fourth biggest savings market in the world
 - Compulsory superannuation in Australia since 1992
 - System continues to mature and assets will continue to grow
- Self directed investing is growing around the world
 - Growth in non-advised or self directed investing is an under appreciated opportunity – see UK experience



- In Australia, SMSFs is the fastest growing segment
- \$495 billion in SMSF ATO, Self Managed Super Fund Statistical Report, June 2013
- Disruptive change is clearly on the horizon
 - Digital distribution and a revolution in the platform space is inevitable (e.g. mFunds from the ASX)

US experience is instructive

“The direct channel has grown from USD50 billion in 2004 to USD 243 billion in September 2013”

“Direct platforms have become more competitive in the past decade by advancing their advice and guidance services”

“Direct channel firms have been able to implement industry best practices, significantly leapfrogging their advisory counterparts”

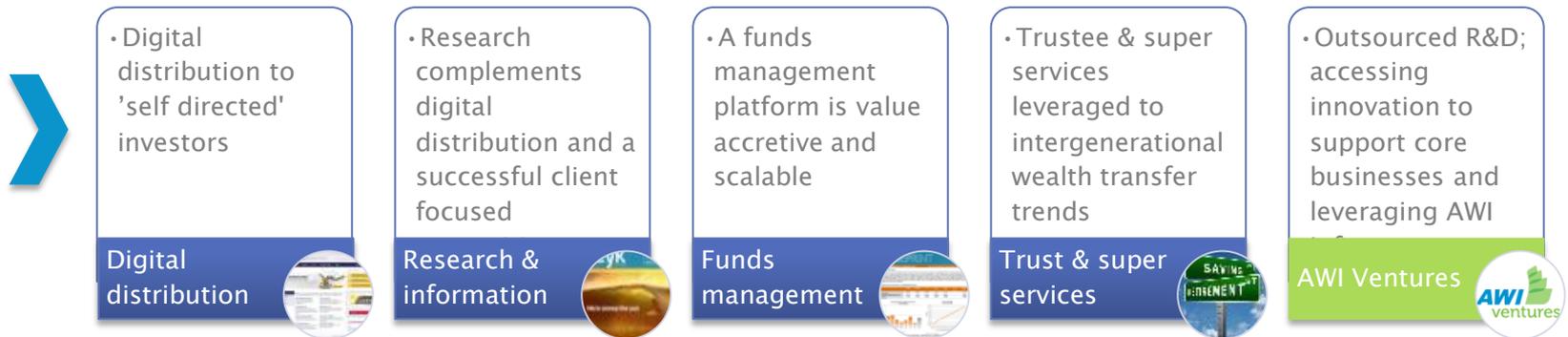
“More information has enabled consumers to exert more control over their portfolios at the expense of advisors”

Source: Cerulli Associates, 2013

Core Themes



INVESTMENT IN CORE FINANCIAL SERVICES THEMES



- In the core themes, AWI will hold up to 100% of a small number of distinct businesses
- AWI also intends to invest in a portfolio of early stage FS opportunities, typically minority stakes alongside founders, through *AWI Ventures*

2. Digital Distribution



Digital Distribution



ENABLING EVERY AUSTRALIAN TO MEET THEIR FINANCIAL GOALS

- Two brands



- YourShare will continue to provide a compelling commission rebate scheme across a broad range of financial products to help Australian's save money
- InvestSmart will provide investors with financial information and opportunities to build wealth and protect it through appropriate asset allocation (diversification)

Digital Distribution



KEY DRIVERS OF REVENUE GROWTH

- Stable 'annuity' revenues, and positive earnings, in each of our acquired businesses (InvestSmart & YourShare)
- And these businesses are a platform for revenue & earnings growth

310,000 unique individuals access our digital properties; seeking to build to 500,000 through acquisition & organic growth

26,000 individual paying customers (8.4% sell through); and 41,200 accounts; seeking to increase 'sell-through' towards 15% through product/website enhancement

\$337 annual revenue per client (largely from rebate / trail commissions); growth through new research & funds management streams; significant upside growth potential

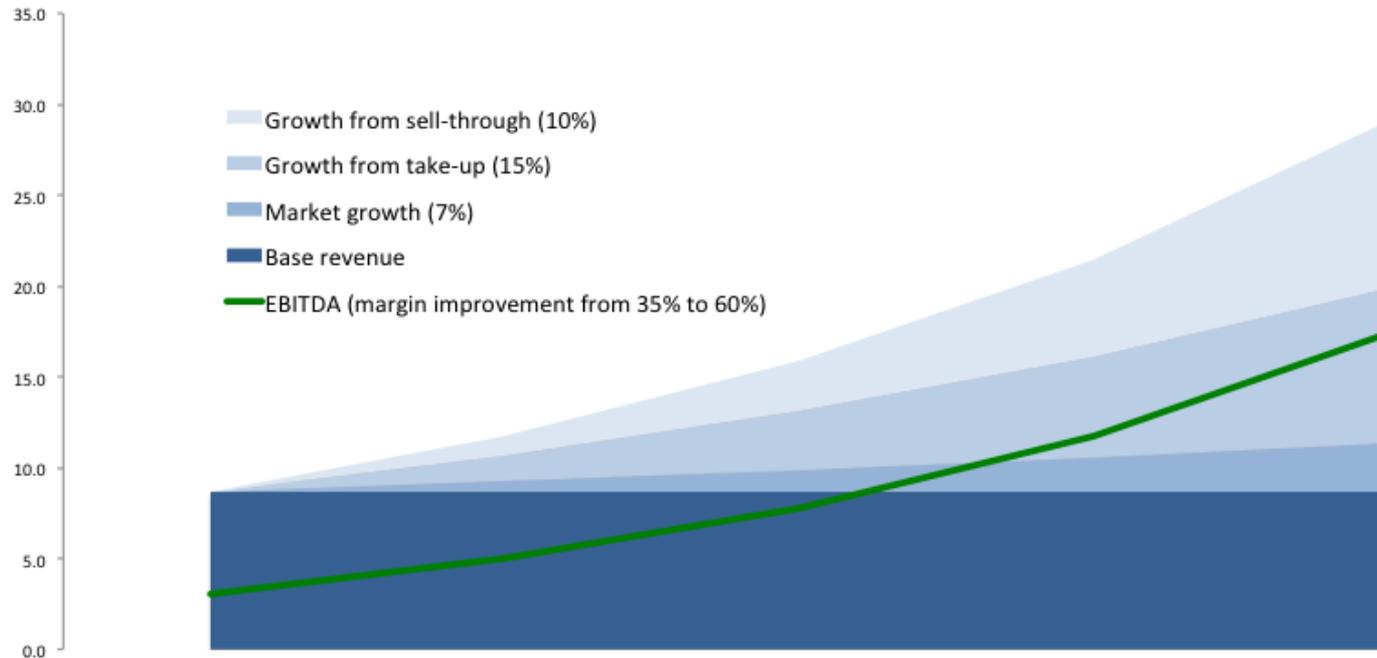
Assume 7% pa market growth (with 'self directed' & SMSF assets – growing at 12% pa)

Digital Distribution



INDICATIVE REVENUE & EARNINGS GROWTH POTENTIAL

- AWI seeks to leverage its digital distribution footprint, and its complementary investments, to generate compounding revenue growth
 - i.e. securing new customers/accounts; driving sell-through; market growth & margin improvement



Digital Distribution



EARNINGS GUIDANCE (BEFORE ACQUISITIONS)

FY14 Guidance

- Annualised revenue \$8,750,000
- Annualised EBITDA \$3,063,000 (profit margin 35%)
- Revenue per client \$337
- Number of individual clients 26,000 (41,200 accounts)

FY15 Guidance

- Revenue \$10,200,000 (↑16%)
- EBITDA pre marketing \$4,773,000 (↑36%)
- Revenue per client \$353 (↑6%)
- Number of individual clients 30,200 (↑16%)

FY16 Guidance

- Revenue \$14,000,000 (↑37%)
- EBITDA pre marketing \$6,542,000 (↑37%)
- Revenue per client \$371 (↑6%)
- Number of individual clients 40,000 (↑31%)



Digital Distribution



PRIORITIES BY 30 JUNE 2014

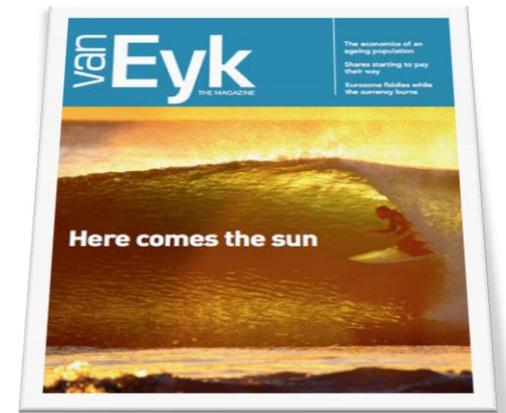
- Integrate InvestSmart & YourShare operations function (and cash-back products)
- Link CRM systems (across InvestSmart & YourShare)
- Re-launch InvestSmart (including 'Portfolio Health Check' module)
- Re-launch InvestSmart newsletter with journalist-edited content
- Launch subscription research service for retail investors
- Rollout targeted marketing campaign (phase one focus on cross-sell)
- Further bolt-on acquisitions (opportunistic)



3. van Eyk Research

RESEARCH & FUNDS MANAGEMENT

- AWI holds a 36.2% equity stake in van Eyk Research
 - Intention to move to control if possible and opportune (although this appears less likely in the near term)
- Established in 1989, van Eyk Research is a premier supplier of investment research in Australia and New Zealand
 - van Eyk Research advises on \$79 billion in assets through leading financial services groups
- Also offering investment management services
 - Blueprint manages over \$1.3 billion in a suite of 14 established multi-manager managed funds
- van Eyk Research also holds information tools with significant scope for growth, e.g. the van Eyk magazine & iRate
 - Valuable assets that AWI can leverage across its businesses (e.g. van Eyk Research will shortly be available on InvestSmart)





4. AWI Ventures



EARLY STAGE INVESTMENTS TO FOSTER INNOVATION

- Through AWI Ventures, we will invest in early stage FS ventures that complement our core businesses
 - SelfWealth – crowd sourced equity portfolio construction, seeking to build a community for self directed investors
- In addition, through the AWI Accelerator, we will invest in a portfolio of start-ups alongside FS entrepreneurs
 - Fostering early stage innovation in the development and delivery of client centric financial services
 - Up to \$100k invested in each of ten early stage businesses over the next 12–18 months
 - Modeled on the highly regarded ‘ycombinator’ business model in the United States
 - Outsourcing R&D – providing a future pipeline of product innovation that will fuel organic growth in our core FS themes



5. Board & Governance

Board & Governance



AWI HAS BEEN REVAMPED OVER THE PAST NINE MONTHS

- Board revamp underway; targeting skills based directors with the expertise and experience to contribute to the future of AWI
 - Andrew Barnes has been appointed as Chairman
 - Ben Heap has joined the Board as Managing Director & CEO
 - Mike Shepherd will join the Board on 1 March 2014 as an independent director
 - Two further independent directors will join the Board in coming months (ensuring a majority independent Board)
 - Alastair Davidson is now an executive with AWI and will stand down from the Board on 1 March 2014
- AWI has also implemented a comprehensive review of its governance framework (as it is no longer a LIC)
 - A copy of AWI's Policies will be available on the Company's website (www.awilimited.com) upon the completion of this review

6. Looking Forward

Looking forward



EXECUTION IS THE KEY SUCCESS FACTOR

- Execution on a portfolio based growth strategy across our core themes
 - Restructure of AWI complete, management team in place
 - Board & governance framework to be complete by 30 June 2014
- Building out our existing business investments across our core themes
 - Building out digital distribution – InvestSmart & YourShare
 - Research & funds management are core themes (via van Eyk Research and further investments)
 - Trustee & super services is a core theme – capitalising on long term trends
- Further acquisitions should be expected
 - We have \$8m in cash reserves
 - Focus on our core themes, in particular, digital distribution
 - Plus smaller investments in innovative investor centric business models (AWI Ventures will house our early stage investments)