



**Thursday, 13 November 2014**

Attention: Company Announcements  
ASX Limited

*By E-Lodgement*

**AWI BUSINESS UPDATE – QUARTER ENDING 30 SEPTEMBER 2014**

Dear Shareholder,

This is the first quarterly update on the progress of Australasian Wealth Investments Limited (AWI). The purpose of this update is to assist shareholders in understanding the Company’s progress - both in terms of performance and in terms of strategy - on a regular basis.

The core digital distribution businesses in AWI are: InvestSMART (acquired on 1 October 2013); YourShare (13 December 2013); and Intelligent Investor (acquired on 30 June 2014); and this is the first quarterly period in which we own and control these three businesses.

We are pleased with how our core businesses are tracking. Our revenue lines are growing, as is our average revenue per customer (ARPC). We remain confident in the validity of our investment thesis – digital solutions for the self directed investor – and we are investing in our digital platforms, and in innovative products and services, in order to support rapid customer growth over time.

**Core business performance metrics and commentary (for the quarter ending 30 September 2014)**

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 quarter was as follows:

	<b>YourShare</b>	<b>InvestSMART<sup>#</sup></b>	<b>Intelligent Investor</b>	<b>Aggregate</b>
Unique visitors*	29,000 (+6%)	283,000 (-3%)	216,000 (+65%)	528,000 (+20%)
Customers**	13,767 (-1%)	8,782 (nmc)	5,948 (+3%)	28,497 (nmc)
Products per customer	1.5	1.6	1.1	1.4
ARPC (\$)***	\$428 (+3%)	\$359 (+5%)	\$560 (+3%)	\$434 (+4%)
<b>Annualised run rate revenue (\$m)</b>	<b>\$5.891m (+2%)</b>	<b>\$3.155m (+5%)</b>	<b>\$3.330m (+6%)</b>	<b>\$12.376m (+4%)</b>

\*Traffic data for the period 1 July 2014 to 30 September 2014 (compared to the three month period to 30 June 2014)

\*\* Individual customers as at 30 September 2014 (compared to customers as at 30 June 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)

nmc means no meaningful change



YourShare: we expected a reduction in customer numbers as a result of the changes to our rebate model earlier in the year. It is pleasing that the advertising program we have been running since June 2014 has largely replaced these lost customers, with customers at a higher ARPC.

InvestSMART: we have stabilised customer numbers (since the acquisition from Fairfax); however, this was more than offset by an increase in ARPC and revenues. Website traffic and customer growth is a key focus for the InvestSMART management team.

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'. We believe this will assist subscription growth and open up new revenue opportunities. Our subscription numbers stand at 5,948 and we believe we can grow this number by a further 10% this financial year.

For the quarter, the actual revenue and earnings from these core businesses was as follows:

	<b>YourShare</b>	<b>InvestSMART</b>	<b>Intelligent Investor</b>	<b>Aggregate</b>
<b>Actual Revenue (\$m)</b>	1,472,790	788,680	833,526	3,094,996
<b>Cost Income Ratio (%)</b>	71%	59%	103%	76%
<b>PBT (\$m)</b>	<b>432,006</b>	<b>325,754</b>	<b>(28,335)</b>	<b>729,425</b>

\*Unaudited accrued revenues and profits before tax during the quarter ending 30 September 2014 (based on management accounts)

With respect to these quarterly results, it is relevant to note we have invested and expensed \$125,000 in technology in Intelligent Investor in the period, which is part of a project that will support a series of new products and services through this business.

Corporate overheads, together with earnings from AWI Ventures and AWI Funds amounted to \$441,630 for the quarter. This included approximately \$150,000 in non-recurring costs in relation to the establishment of AWI Funds and AWI Ventures, both of which are expected to contribute positively to earnings this financial year, and costs associated with investments (including in relation to van Eyk Research).

Therefore, consolidated AWI PBT (unaudited) for the first quarter was \$0.288m.

As indicated previously, the current value of van Eyk Research (\$7.5m) is expected to be further written down this financial year and this will impact earnings (noting this would be a non cash transaction).

#### **AWI consolidated cashflow**

On 30 September 2014, AWI had cash reserves of \$6.490m versus \$7.349m at 30 June 2014. The decrease in cash during the period of \$0.859m relates to the timing of revenues with respect to the core divisions. In particular, revenues from Intelligent Investor are typically paid on an annual basis via campaigns in June and December. Cash inflow from this business is significantly skewed to these months (approximately 60% of total revenue is received in these two months).



We expect AWI will generate positive cashflow in the second quarter of this financial year, and for the financial year overall.

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

Yours faithfully

A handwritten signature in black ink, appearing to be 'B. Heap', written in a cursive style.

**Ben Heap**  
**Managing Director & CEO**  
**Australasian Wealth Investments Limited**