



ASX Release – Q2 FY19 Business Update

Highlights

- Operating revenues up 22.5% to \$522k, from \$426k in Q1 FY19*.
- Cash burn continues to reduce, at \$800k, ~\$400k lower than Q1 FY19.
- Active traders up 34% to 9,369, from 6,965 in Q1 FY19.
- Cost per acquisition of each new active trader down 60% on Q1 FY19.
- Trading volumes up 11% to 33,994 from 30,520 in Q1 FY19.
- Value of client cash held, up 18% to \$61m, from \$52m in Q1 FY19.

Summary

Melbourne, Australia – 15 January 2019: Australian fintech and online broker SelfWealth Ltd (ASX: SWF) ("**SelfWealth**" or "**the Company**") has released its Q2 FY19 Quarterly Cash Flow Report which shows continued strong active trader acquisition trends.

SelfWealth currently offers a \$9.50 flat-fee ASX brokerage service and integrated, unique data-driven investment portfolio solutions, powered by a large group of Australia's self-directed investment community. In the December quarter the business broke another record for client acquisition -- doing so at a lower cost of acquisition per investor -- resulting in strong growth in business volumes.

Trade volume growth for the quarter was a healthy 11% increase, although not keeping pace with the very substantial 34% growth in active traders, primarily attributable to market conditions during the quarter, and the seasonal impact of lower activity in December. January activity has rebounded as these factors dissipate.

The growth translated into a 22.5 per cent increase in operating revenue to \$522,000 in Q2 FY19, from \$426,000 in the prior quarter. *NB: These figures restate Q1 FY19 reported numbers to exclude \$74,879 in pre-paid revenue recognised in the September quarter, but no longer a comparable feature of the Company's operations.

Cash burn in Q2 FY19 was cut significantly, partly reflecting reduced spending on advertising and marketing, lower staff costs and an R&D tax refund. The Company continues to incur a number of one-off expenses, mainly associated with current business initiatives, and these expenditure items are coming to an end over the coming quarter.

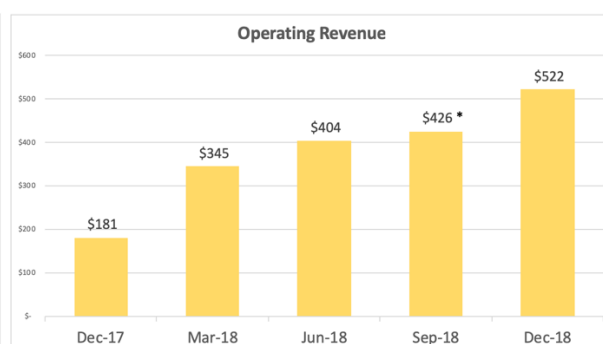
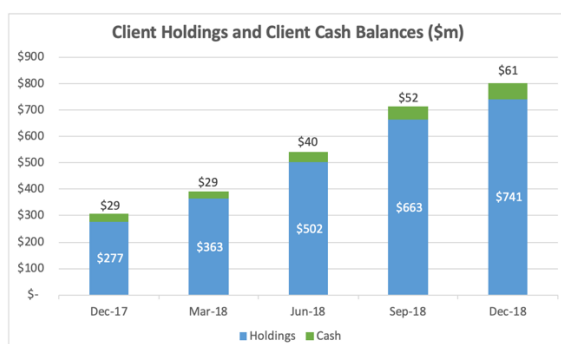
In December, the Company signed a significant agreement with ETFS Capital and ETF Securities Australia to develop and, pending regulatory and ASX approval, provide \$100 million in seed funding for SelfWealth's first ETF. The *SelfWealth SMSF Leaders ETF* will be listed on the ASX under the ticker code SELF this financial year. The ETF, which is constructed using data from the

best performing investors among more than 50,000 SMSF portfolios, aims to provide a high-performing ETF option for SMSFs.

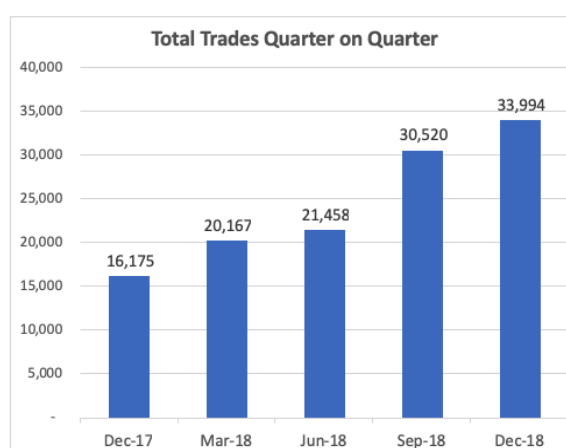
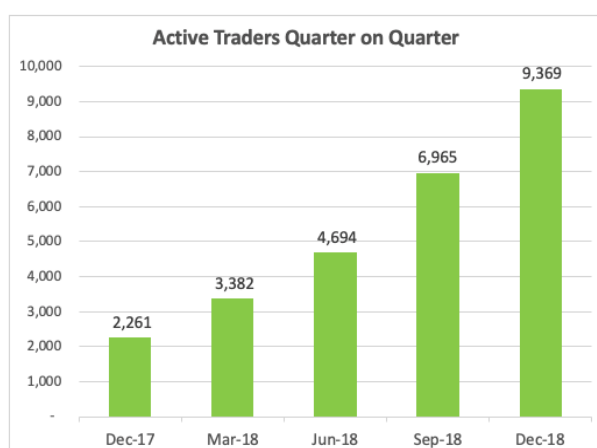
“The launch of the *SelfWealth SMSF Leaders ETF* is expected to be a transformational event for the Company, offering clients a high-performing investment asset that complements portfolios constructed using the SelfWealth platform, and delivering a new revenue stream to the Company,” SelfWealth CEO Andrew Ward said.

Development of the SelfWealth Adviser Platform, the wholesale platform that enables financial advisers to manage client portfolios on the SelfWealth platform, continues to be rolled out and well received, with more advisers set to join in early 2019, further fuelling growth in SelfWealth’s trade volumes and interest revenue.

“The opportunity in this space is exciting, with the platform set to provide financial advisers and intermediaries with low-cost broking and critical time-saving tools – key features to attract high-volume traders,” Mr Ward said.



* The Q1 FY19 reported numbers in the September 4C included \$74,879 in revenue that was brought forward.



In the coming quarter SelfWealth will be promoting itself as a leader of data-driven investment tools, with a brand campaign that puts the spotlight on the Company’s powerful portfolio construction tools, highlighting the Company’s unique selling proposition: more than a low-cost

brokerage. One-off costs have been incurred for campaign material to be used over a 6 - 10 month period.

The Company continues to refine and enhance its trading platform, with development for international share trading scheduled for 2019. Conditional orders were recently added, plus updates to the mobile app and order placement process.

“The continued growth of the trader base, a 2019 launch of the SelfWealth ETF, and the reduction in cash burn puts SelfWealth in a strong position,” Mr Ward said.

“Following a successful capital raise and the rights issue which is still open, SelfWealth will be well funded through to breakeven.”

For more information on the SelfWealth ETF, please sign up for notifications at etf.selfwealth.com.au. Information will be emailed when available.

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About SelfWealth

SelfWealth PREMIUM, introduced in 2017, is a social investment network that allows users to compare and construct portfolios with others on the platform – for the first time in Australia. Combining cloud capabilities, the PREMIUM network uses proprietary diagnostic tools to measure investment performance and diversification, providing users with a Wealth Check Score and Safety Rating that can be benchmarked against others on the platform. Established in 2012, SelfWealth is a unique, peer-to-peer share trading platform comprised of two offerings – SelfWealth TRADING and SelfWealth PREMIUM – with a focus towards self-directed investors. SelfWealth’s proprietary software platform, SelfWealth TRADING, offers a low, \$9.50 commission-free flat fee ASX brokerage service, regardless of trade size.