



27 AUGUST 2020

Crowd-sourced funding offer document.

Offer of fully-paid ordinary shares in Positivevolution Pty Ltd at
\$1.00 per share to raise a maximum of \$600,000

.xy



This crowd-sourced funding (CSF) offer document relates to the Offer of fully-paid ordinary shares in Postivevolution Pty Ltd. This Offer is made under the CSF regime in Part 6D.3A of the Corporations Act 2001 (Corporations Act).

Issuer Postivevolution Pty Ltd ACN 638019744

Intermediary Birchall Financial Services Pty Ltd AFSL 502618

Driving the positive evolution of financial advice.



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1.0 Risk Warning.

Crowd-sourced funding is risky. Issuers using this facility include new or rapidly growing ventures. Investment in these types of ventures is speculative and carries high risks.

You may lose your entire investment, and you should be in a position to bear this risk without undue hardship.

Even if the company is successful, the value of your investment and any return on the investment could be reduced if the company issues more shares.

Your investment is unlikely to be liquid. This means you are unlikely to be able to sell your shares quickly or at all if you need the money or decide that this investment is not right for you.

Even though you have remedies for misleading statements in the offer document or misconduct by the company, you may have difficulty recovering your money.

There are rules for handling your money. However, if your money is handled inappropriately or the person operating the platform on which this offer is published becomes insolvent, you may have difficulty recovering your money.

Ask questions, read all information given carefully, and seek independent financial advice before committing yourself to any investment.

SECTION 2.0

Information about the company.

**“Here’s
how
the
advisers
get
advice”**

THE AUSTRALIAN ¹

¹theaustralian.com.au, Here’s how the advisers get advice, 26 June 2020



Clayton Daniel
MANAGING DIRECTOR

Sharing expert opinions with peers has been the cornerstone of professional growth for hundreds of years. The concept of practitioners providing insight to one another is nothing new. And while this type of peer to peer learning is extremely effective, it is not efficient. At XY Adviser we have been building an environment that maintains this high level of effectiveness, while introducing efficiency.

On the 1st of January 2020, we launched the first dedicated social media platform specifically for financial advisers. Our aim was to transition the conversations happening between advisers in emails and text message exchanges and centralising them using technology common to all of us. The result is a social media platform designed specifically for financial advisers to share and learn from one another, driving the positive evolution of financial advice.

It was an ambitious goal, but not without a strong hypothesis for success. We'd already seen the levels of engagement across third party platforms for many years and completed our own internal research as to whether advisers wanted a dedicated space to focus on their professional lives. The result at this stage has met expectations. I'm proud to say in the nearly eight months since launching, XY Adviser has over three thousand financial advice focused users across ten countries.

We are now the centre of conversation for the advice profession on how to provide the most valuable and compliant advice possible, and we look forward to consistently improving both these metrics. We are excited to constantly expose advisers to the best minds in financial advice and maintain dedicated to running towards compliance and regulations.

This seed raise is an important step in accelerating our key metrics. We have recently launched a new revenue product called XY Pulse which aims to repurpose adviser learning and deliver insights to large financial institutions. It took us a long time to develop product adding value to the profession, while maintaining privacy for the adviser. In this document you will read how we achieved that mandate.

XY Adviser has a clear purpose, a great team and existing revenue and customers. We have the advantage of taking many years to figure out exactly where we are headed, and now want to share the potential for financial benefit with the early adopters who helped get us here. In short we are at step two in our master plan:

- Raise a small amount of money to prove concept.
- Raise a bigger sum of money to prove revenue model.
- Raise an even bigger sum of money to scale up globally.



Andrew Rocks
CHAIRPERSON

Hindsight, almost always is a cautionary tale.

But not this time.

I'm not absolutely sure exactly when XY Adviser first came into my life. As a life-long financial planner in Australia, it always seemed as though you were always being propositioned, being asked to think in a certain way, to do things in set structure. But here was something that was different. A breath of fresh air, finally a platform which offered support, connectedness and community, whilst delivering guidance, resources, direction and occasional entertainment. And somehow managed to transcend the politics and blinkers of contemporary Financial Planning.

I was hooked, I felt that it was as relevant to myself now, after 25 years in the game, as to my previous self, 25 years ago.

It is unique, and it is revolutionary. It is the game changer of our Industry going forward.

I am very pleased to say that I became part of the XY team over the last year, and in January 2020 became an Investor and Chairperson. The founders have a deep connection to the industry, and work together as an amazing team.

The company has a very effective and efficient operating capacity, with clear management lines, which along with its governance and financial responsibility will allow sustainable scale in the medium and longer term.

XY Adviser is a once in a generation opportunity. The right company with the right intent facilitating an environment for a community of advisers to build a new and vibrant medium. It's a natural evolution of the rise of the consumer coinciding with collaboration without boundaries. XY is on course, for its most exciting journey to date. XY Adviser connects, predicts, and has no jurisdictional limitation. Most imperative, XY is run with heart.

The Positive Evolution of Financial Advice has arrived. I look forward to welcoming the advice community as shareholders.



Emily Blanch
HEAD OF COMMUNITY

As advisers know, the hallmark of great business is word of mouth. Perhaps it's the inner financial planner in us, but up to this point, XY's growth has been entirely organic. Some might call it good timing, but I believe it's been our relentless focus on what's best for the adviser that's had the biggest impact on shaping this professional community. Over the last six years, XY has cultivated an online environment that has brought connection and a sense of belonging to advisers everywhere. We have provided a private space where advisers have permission to ask intelligent questions and to collectively raise the bar on what it means to provide highly-valuable accountable, responsible and compliant financial advice. The results already have been outstanding. We've seen advisers launching their own businesses, acquiring more of their ideal clients and providing higher levels of value to their clients. Engagement and collaboration continue to thrive within the XY Adviser community because our mandate is focused on substance, not just style. This has allowed us to continue to improve the environment we facilitate, offer more value to members, and grow the number of engaged advisers.

In 2019, we made the decision to advance XY from a value-driven hobby, and into a for-purpose and value-driven company. This has allowed us to further our ability in driving the positive evolution of financial advice and deliver more value to advisers, but there's still a lot more we know we can do. Through this raise, we want to bring more of the best advisers from around the world to join and engage on the XY platform. This will not only allow for deeper collaboration and connection, it also sets an expectation where members know they can get highly intelligent and professionally relevant answers to their questions in a timely manner.

Ultimately, our goal is to cement financial advice as a profession of substance by facilitating an environment for the best advisers to share with others all over the world. To uncover the gems that already exist in advice and centralise them in one location. When one XY member incrementally improves, the whole XY community incrementally improves, and most importantly – the entire advice profession improves.

2.1 Company details.

KEY INVESTMENT TAKEAWAYS

- Investment into XY Adviser represents owning a piece of a company that has had a number of years to acquire clients, organise internal operations, gain a positive industry reputation, and build an exciting internal company culture.
- We've proven ourselves to be resourceful, achieving good market penetration with a small amount of invested capital.
- The last twelve months have seen significant improvement in all facets of the business since we agreed to become a commercial company.
- Revenue has increased 8x over the last four years, with future revenue growth to come from scalable, tech delivered solutions.
- Large generic social media companies have flatlined in terms of growth since 2017 as the value of what they deliver is in decline².
- Advisers have always shared their knowledge as a way to help improve the profession. XY Adviser aims to consolidate those conversations in one area.
- We have multiple long term partnerships with some of the top companies in Australia.
- Government intervention has presented new opportunities for XY Adviser, as the role of stakeholders within the financial services industry continues to change, creating space for XY Adviser to grow.
- COVID-19 has presented new opportunities for XY Adviser too, as we are seen to be the tech centric solution to mass adviser isolation.

This offer of shares is made by Positivevolution Pty Ltd ACN 638 019 744 (the Company or XY Adviser or XY).

Company name:	Positivevolution Pty Ltd
ACN	638 019 744
Offer type	Crowd Sourced Funding
Offer date	27th August 2020
Offer details	Offer of fully paid ordinary shares in Positivevolution Pty Ltd at \$1.00 per share to raise a maximum of \$600,000
Registered office	1003/2 Brodie Spark Drive, Wollie Creek, NSW, 2205, Australia
Place of business	Level 3, 31 Alfred St, Customs House, NSW, 2000, Australia
Related companies	XY Adviser Pty Ltd ACN 606 168 781 (wholly owned subsidiary)

²Edison Research, The Infinite Dial, 2020

SECTION 2.2

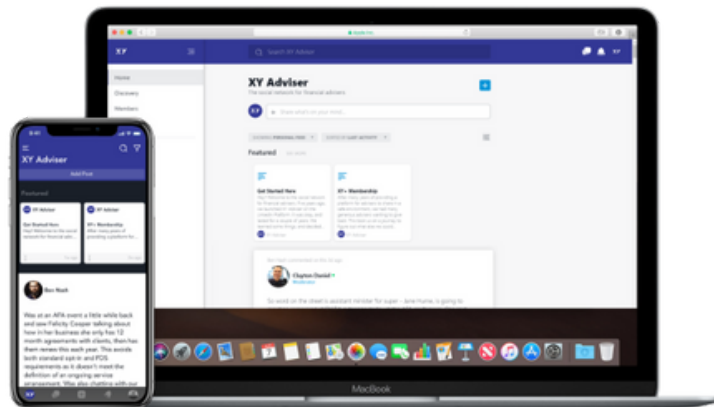
Description of the business.

2.2.1 Who are we?

XY Adviser is the vertical social platform for financial advisers. This means we facilitate an environment for advisers to share and learn from one another to drive the positive evolution of financial advice from the ground up. We believe good quality human-delivered financial advice can have a fantastic impact on client lives, and a successful financial advice profession – led by the advisers who are doing the work each day, produces more people achieving personal and financial goals.

As a company, we are dedicated to being of value to advisers, rather than being a drain on advisers. Our goal was to avoid becoming yet another business model to attach themselves to advisers. A decision we made from the outset. While we do have a growing number of XY+ members, we imagine this to only ever be our secondary revenue model. Or in other words, our strategy is not to get advisers to use XY over time, and then convert everyone to paying members. XY will always be free. XY+ will always be optional extras.

So then as a business model, if we aren't charging a fee for use, how do we make money? We use Artificial Intelligence to package de-identified adviser conversation up to a persona level, which is sold as market research to financial institutions. Or in simple terms, while we aim to have an engaging user experience like any other social media platform, we aim to have a completely different business model.



2.2.2 Key differentiators

The current strategy employed by large social networks is to know everything about as many individuals as possible, then serve up targeted advertising. Facebook has on average five thousand data points on their users to achieve this. However, this is not our model. We flipped their strategy to deliver something completely different. Rather than using the XY platform to connect advisers with advertisers, we provide a way for these large companies to be guided by the collective adviser voice. We don't provide distribution to companies, Facebook or email lists can be used for that. We provide market research so when companies do reach out to advisers, they have something of value to say when they get there.

Market research is an age-old strategy to learn about your client, however it's still done with the same strategies as the Mad Men days of the 1950's. Surveys and focus groups, often sweetened by a prize of some description. But the data is ultimately skewed and incorrect as behaviour under observation does not represent true reality. And if you've ever filled out a survey, you know it to be true.

The business model XY Adviser has adopted is to challenge that traditional form of market research. Again, if hundreds of millions of dollars go into projects designed to improve the advice process, and advisers do not receive the benefit, then companies should get access to accurate market research, and build products and services for advisers from a more accurate premise.

So a successful XY Adviser business model to drive the positive evolution of financial advice does not mean advisers will receive targeted advertising. Rather the money from large participants in the financial services industry should be invested into building assets that accurately solve adviser problems.

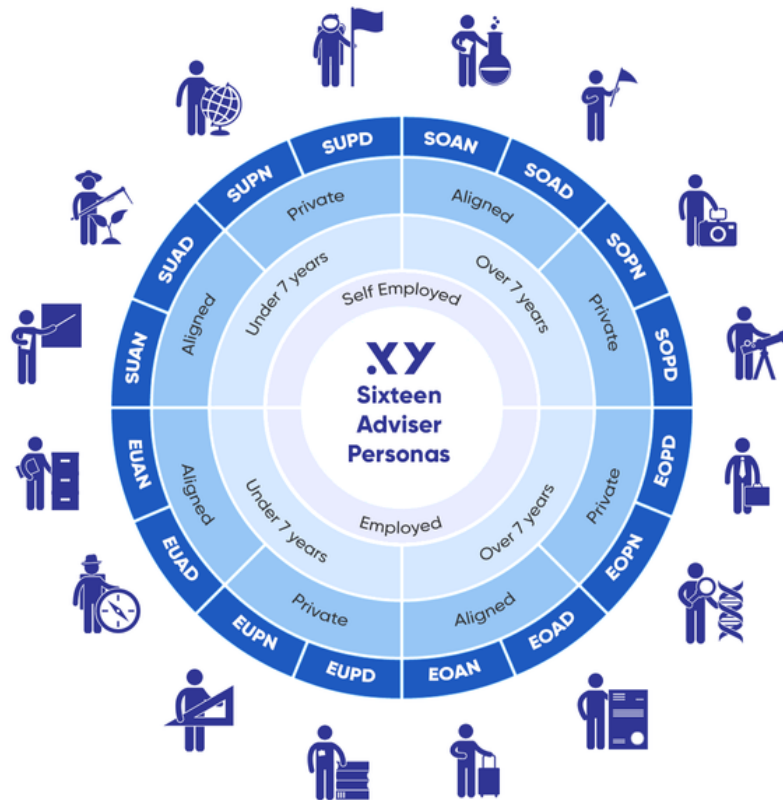
What we don't do:

- Gather thousands of data points on advisers
- Follow advisers around the internet
- Display 'targeted advertising' on the platform

What we do:

- Gather four data points:
 - Self employed or employed
 - Degree or no degree
 - Over or under the industry average of 7 years experience
 - Aligned or private dealer group

- We then de-identify the adviser from the conversation, and allocate them to one of 16 personas. This has a dual purpose. It ensures anonymity for each adviser, and it also provides more value to the industry participants. If one adviser says something – it is not important from a market research point of view. But if 10 advisers who are similar say the same thing – or 100, or 1000 advisers with similar characteristics are all saying similar things, then this is very important market research for companies who spend large amounts of money building assets to improve the advice process.
- For the last step, we use natural language AI to produce the insights. The end result is a market research product that protects the privacy of the individual adviser, while improving the quality of data for financial institutions to make better decisions. Unlike the 1950's method of market research like surveys or focus groups, natural language insights more accurately reflect the collective adviser voice, providing the 'observed behaviour' research like surveys or focus groups with more context before decisions are made.



S - Self employed **O** - Over 10 years **A** - Aligned **D** - Degree
E - Employed **U** - Under 10 years **P** - Private **N** - No degree

2.2.3 Our products and services

Advertising

PREVIOUS IMPACT ON REVENUE: HIGH | FUTURE IMPACT ON REVENUE: LOW

Over time we plan to phase this revenue stream out as we move to higher value products and services, but advertising has traditionally been the core revenue generator for XY Adviser. We provide three streams – podcasts, emails, and events. The 2019/2020 was the last year we grew our advertising revenue stream, and will not look to grow our revenue advertising beyond current amounts moving into the future. We will maintain the levels we currently have in advertising with a few key partners, but all future growth will come from our higher value and more scalable propositions.

Consultancy

PREVIOUS IMPACT ON REVENUE: LOW | FUTURE IMPACT ON REVENUE: LOW

Consultancy has many positives as a revenue source for XY Adviser. Firstly, consultancy helps deliver on our purpose as a company – to drive the positive evolution of financial advice. With this in mind, the face to face work we do with product providers to support them with better decisions is pivotal to the reason XY Adviser exists as a company. In addition, the experience we gain from being intimately involved with solving these problems provides another source of valuable direction for our scalable core offering – XY Pulse.

XY Pulse

PREVIOUS IMPACT ON REVENUE: LOW | FUTURE IMPACT ON REVENUE: HIGH

In terms of the future business model of XY Adviser, XY Pulse is our main focus. As we decided long ago to not be a drain on advisers, we committed to ensuring XY Adviser will always be free. At the same time, we did not want to create a revenue model dependent on advertising and compromising adviser privacy. We have landed on designing a product that solves for all of these. By developing an AI natural language market research product, our revenue model maintains security for advisers, while helping financial institutions create better solutions for advisers.

XY+

PREVIOUS IMPACT ON REVENUE: LOW | FUTURE IMPACT ON REVENUE: MEDIUM

We have always been led by advisers as to where we make investments with our time and money. XY+ was launched with a desire to do more for advisers who want to join the inner circle. There's an element of wanting to give back – we are fully aware of that. There's an element of seeing what we can do if we get enough paid supporters – and we are fully aware of that too. Also there was the desire to see us get some advocacy over the line, thankfully we've taken some big strides forward with that. Over time we have added new elements to the membership, and anticipate this paid membership will comprise around 10% of all members.

This result reflects the research done around online platforms with premium subscription options, and as a result we have decided to allocate more time/effort/money into XY+ moving forward. This includes: producing weekly digital events for XY+ members, a growing list of tech and education discounts, and we plan on organising it all much better with a portion of the funding we receive from this round of investment.

2.2.4 Marketing

To date, the majority of XY Adviser's growth has been organic, attributable to the value-driven method of marketing we employ. Given the compelling and unique nature of our service offering, we have been able to grow our podcast and event tours substantially over the years. Not only do these activities add value to the lives of advisers, they also help new advisers learn about what we are doing.

XY Adviser tested a short run contra advertising deal with Money Management to launch the XY+ membership which helped us bring on the original 200 inner circle, but we believe we can achieve much more with some additional investment into our marketing activities and improvement to our product.

We have a highly engaged adviser community who do their best to help promote XY Adviser to other advisers across social media. We constantly look for ways to make this easy with our 'blue-cow' approach. In other words, what lo-fi ways can we surprise and delight the user base? It's not something we do very often, but it is something we like to do. When we do these small-run unique things, on top of helping bring some joy to the community, it often ends up with a positive marketing outcome.

This round of funding will pay for our first foray into digital marketing, and to begin systematically expanding the awareness of XY Adviser using an analytical approach to our entire onboarding metrics.

2.2.5 Market

The financial adviser market size is contracting on average about 1% per month as all the changes to the Australian advice market come into play. By end of Q1 2020, the number of authorised representatives had reduced to 22,893³. At the same time there were \$28.8 billion of contributions into superannuation, up 7.5 per cent from the March 2019 quarter⁴. A growing pool of assets with a reducing number of advisers results in an ever increasing concentration of influence by a smaller number of people. Making this cohort on a per capita basis - increasingly valuable.

YEAR	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
No. Advisers	16,694	17,953	19,221	20,729	22,614	23,920	25,998	26,073	28,889	24,375
Total super (trillions)	1.2T	1.3T	1.4T	1.5T	1.8T	1.9T	2.1T	2.5T	2.7T	2.8T
Super per adviser (millions)	72M	72M	73M	72M	80M	79M	81M	96M	93M	115M

There are multiple methodologies to value an audience like financial advisers, and the above table acts only as a single indicator. But as financial advisers manage 57% of superannuation assets⁵, the premise for the valuation per adviser is clear. A contracting environment does not reduce the size of the opportunity - it only concentrates that opportunity within a smaller cohort. In other words, a smaller cohort of advisers represents a higher value per user, so whether the total number of advisers go up or down, as long as there remains huge sums of money to manage, financial advisers will always be considered a high value audience.

As Australia only makes up around 5% of the total financial services market, we anticipate moving to a global focus in the near future. We are in the early days of testing with global audiences, and initial signs show the 500k English speaking advisers around the world as a natural first step⁶.

³Adviser Ratings, Musical Chairs Report, March 2020

⁴ASFA, Superannuation Statistics, March 2020

⁵Adviser Ratings, Financial Advice Landscape Report, 2018

⁶CFA Institute, Organizational Game Changes, 2017

**Facilitating an environment
for advisers to share and learn
from one another.**



.xy

2.2.6 Competitors

ALL ADVISER SOCIAL MEDIA MARKET

XY Adviser is currently the only dedicated social media platform in Australia facilitating an environment for financial advisers to share and learn from one another. This has been achieved with a very specific moderation policy in mind which can be wrapped up with two simple guidelines:

- don't sell
- don't complain

Removing these two aspects has fostered a positive environment, where advisers feel free to ask and answer questions.

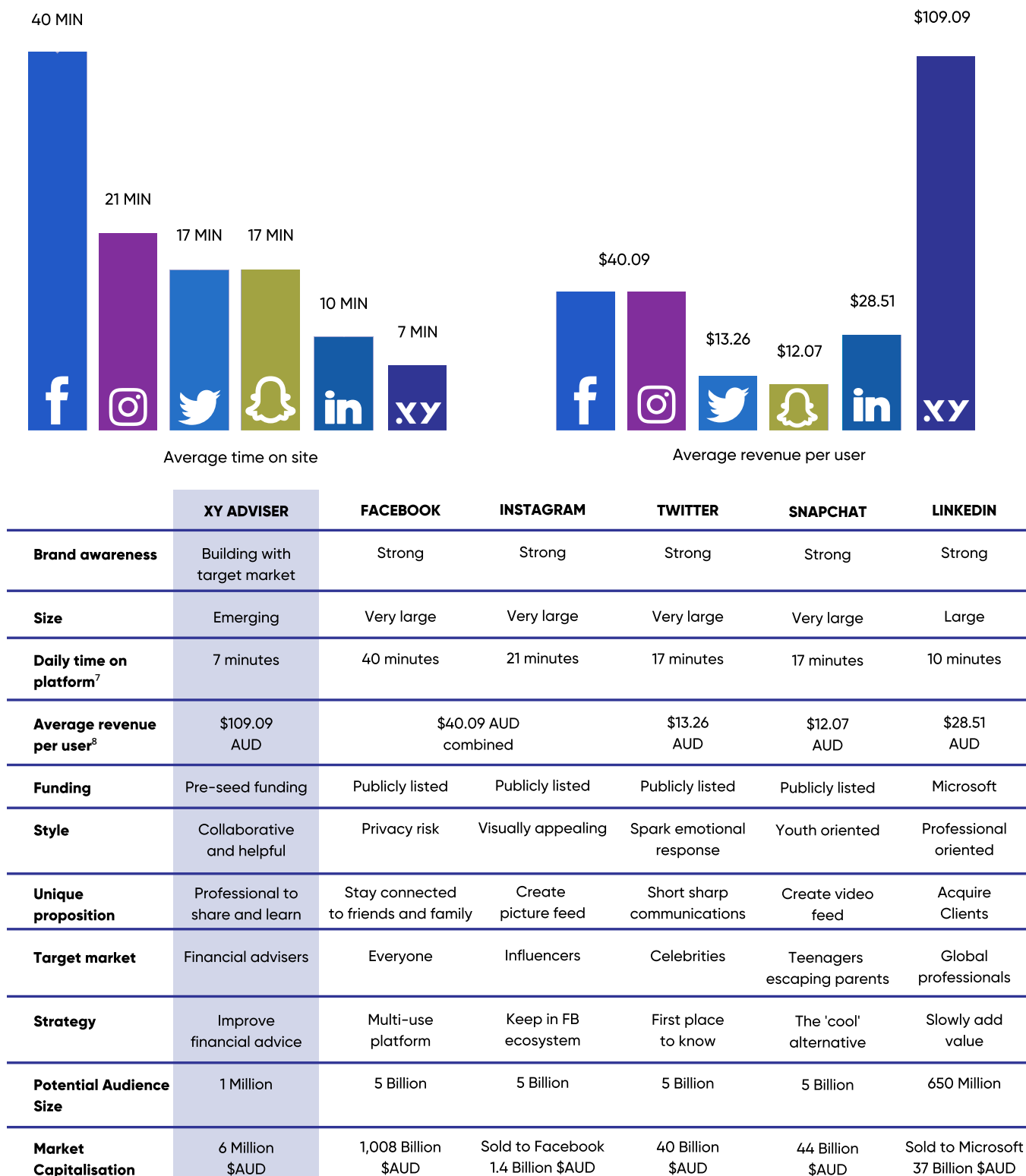
We believe we have a significant competitive advantage in our positioning as the vertical social media for financial advisers. For a competitor to join the market, they would need large level buy in from an audience who are not quick to trust. As the founding team are all current or former financial advisers, we are acutely aware of how advisers feel.

XY Adviser has been delivering free, or close to free value for a long time, and advisers know we are focused on building a brand which aims to support them and the broader industry. We have no intention of asking advisers to dip into their pockets to access this environment either.

As stated, our revenue model is to provide market insights to large industry participants to grow in line with adviser needs. We do this by de-identifying the conversations in the platform and reshaping it to fit into our scalable tech product XY Pulse. We hold a strong advantage in the market, being the only company with access to insights that product providers can use to grow in line with the needs of advisers.

In regards to existing competitors like Facebook or LinkedIn, a similar commercial product would cannibalise their current business model. Large social media platforms earn revenue through advertising, and the best way to increase spend per advertiser is to have an uneducated user. Facebook and LinkedIn suggest 'A/B testing' as a way to figure out which message and direction a product should take. In other words, an uninformed advertiser is worth 2-3x the revenue, as each of them pay money to conduct their own blind 'research'. As our market research product is a direct disruptor to that business model, we do not anticipate challenges in the near to medium future.

In terms of usage, as we are competing on a playing field with multi billion dollar competitors, we believe our current usage statistics are very promising. XY Adviser has not yet had the funds to roll out financial planning specific features, and the platform is already almost on competing terms with LinkedIn in terms of daily usage per user. As the product roadmap rolls out over time, we believe we can sustainably add more value to advisers' lives, and increase the daily usage.



While there are similarities between XY and other social networks, we are competing for the attention of our niche, rather on size and scale.

⁷Sprout Social, Research, 2020

⁸statista.co, Revenue data (reasonable calculations are made where exact data is scarce)

2.2.7 Business strategy

2.2.7.1 Introduction

XY Adviser is the first and only internationally focused social media platform for financial advisers. While we have spent years building a reputation in Australia, we are already slowly building an international presence, with 20% of our total online audience coming from international sources as of July 2020.

Rapid growth

XY Adviser has existed in many capacities during the years while we have sought to navigate the landscape on how to add the most value to advisers while simultaneously not being a financial drain on them. Additionally, we did not want to get into the business of selling identification data as it doesn't specifically drive the positive evolution of financial advice. Rather with XY Pulse, we have retained the integrity and purpose of XY Adviser by creating a product to improve the outcomes of advice.

As such, our journey has taken many different paths. We originally launched as a blog back in 2013, an events business 2014–2015, and tried a range of digital options from a LinkedIn group, to a Facebook group, mastermind meetups, podcasts, and a learning management system for professional development up to 2019. All of these experienced a level of success, and took some time to fund and trial. Small scale events and podcasts have worked well for us, but our rapid growth has come off the back of launching a dedicated online space for advisers to come together in January 2020. With our own environment, we have nearly matched six years of growth in six months, reaching almost 3,000 users in the first six months.

Enablement

Advisers feel more comfortable and less anxious sharing among themselves, rather than an open environment. Advisers use other social platforms to gain clients, thus they require a mask of being capable, and being able to solve problems rather than ask questions. We specifically remove all client acquisition from the pool of options. None of the behaviour, comments, or posting reflects a method for acquiring clients. We have ensured to keep 'blood out of the water' as the premise of differentiation on XY Adviser, and it has been one of our core reasons for success.

Innovation always

XY Adviser views technology through the prism of professional improvement. We know there are many questions to ask, and some seem too simple, others too specific. We know many advisers want to contribute to the body of knowledge, so for us it comes down to how can we incentivise that helpful behaviour? We also know many people want to passively learn and not get involved, so what can we do to open up the options to more advisers? These are the creative solutions we are working on at the moment.

Why XY Adviser

XY Adviser has tapped into an unmet demand and has a strong brand reputation. We have first mover advantage in Australia, and opportunities to scale the model to overseas markets. We are unapologetically pro-adviser, believe well regulated and compliant financial advice is highly valuable, and extremely bullish.

2.2.7.2 Our approach

The XY Adviser experience differs from a typical social media experience in 4 key respects.

Authenticity

XY Adviser enables authenticity. As we remove exposure to any non financial planning stakeholders from the XY Adviser ecosystem, advisers know they are surrounded by peers who share their goals of improving the advice process. As there is no need to impress, advisers are able to ask questions – oftentimes many advisers share. And we are only just scratching the surface of how these answers can be collated so advisers can get better insights quicker.

Real value

Facebook facilitates the ability to browse pictures of people you no longer speak to. Instagram facilitates a feed of rich, beautiful, and famous airbrushed people. Twitter facilitates a way to connect with famous people. LinkedIn facilitates a client acquisition process. All of these are seen as valuable, and they all play a role, but none of these provide an avenue to get better at your career. XY Adviser on the other hand exists purely to engage in professional development conversations.

User experience first

While many online forums exist to share information, we understand a lot has changed since the nineties, and people like to engage in a mobile first environment. The current version of tech we're employing is a white labelled version of Silicon Valley company Mighty Networks. This has set us on the right path, and allowed us to create various tests to see what advisers engage with. When we begin to develop our own technology, we will employ all the improvements we've learned over time.

Relevant conversations

Broadly speaking, financial advice is half location independent, and half regulatory. For example, help around cash flow is an international service. An adviser in Canada could speak to an adviser in Brazil about helping clients with cash flow. Superannuation on the other hand is an Australian specific subject only relevant to Australian advisers. Currently on the white labelled version of Mighty Networks we split out the conversation in a rudimentary way. Future iterations will separate these nationally and internationally relevant subjects seamlessly for the user.

2.2.7.3 CUSTOMER EXPERIENCE

We have two customers. We serve both advisers and market participants, and we don't overlook either of them.

Our advisers have always been our priority, and while we have only earned a small amount of revenue from this channel, this is where we spend the majority of our funds. Our staff and tech expenditure on Advisers well exceeds all other facets of our business. All advisers are provided a direct support link with our head of platform experience Emily Blanch.

With this crowd fund raise, we aim to begin servicing and stepping up our commitment capabilities to the product provider element of the industry. As our impact across the industry continues to develop, so does our talent requirements. Being able to over deliver to our expanding set of corporate clients is a large part of our strategy moving forward.

We are constantly trialing new product features, receiving feedback, and aiming to improve. As advisers play an integral part of our value proposition, we have received hundreds of pieces of feedback over the years. We are the first to say we can always improve, and positive evolution is a value we hold true to ourselves also.

We are continuing to clarify our value offerings to both sides of our marketplace. We will continue to refine and improve the adviser experience on XY, and we are looking forward to receiving market feedback on our market research product XY Pulse. We are always aiming to be more purposeful with what we do. When we have a profession led by the professionals who provide the advice, we know we are closer to achieving our purpose.

2.2.7.4 CHALLENGES FACING FINANCIAL SERVICES

ADVISER CHALLENGES

What is required to be an adviser has become substantially more difficult over the past decade as advisers face challenges from multiple directions. Some of these challenges include:

Regulatory

There are seven regulatory frameworks an adviser operates in. With the introduction of an independent code monitoring body, this will move to eight. This situation has created the need for a lot of sharing of information between advisers as requirements can be difficult to adhere to.

Financially

It is expensive to be an adviser, and has become more difficult to earn revenue. As previous revenue models have been entirely overturned, advisers have struggled to keep up with these changes in real time. And completely understandably too. Practitioners from any industry would struggle to make the huge pivots required of financial advisers. But the reduction in some revenue lines is only half the challenge. The increased costs are the other half. License fees, professional indemnity fees, regulatory fees – the costs per adviser to provide advice have increased 10x over the last decade. Soon to be introduced is the 'compensation of last resort', which will increase the cost to provide advice yet again.

Support

Adviser's skills are spread too thin, with no clear place for help. There was a time when support from a license was enough to keep a financial adviser on path for success, but as the profession has changed so much in the last few years, the level of support required to excel in the current environment has moved beyond those capabilities. As advice has been removed from its unique position, and forced to now compete on the open market, the skill sets required to continue to grow have risen. Online marketing is now mandatory. Smooth onboarding. Efficient delivery. Scalable ongoing service. These skills are specialist skills, found from people who upskill advisers on those extremely specific outcomes.

Client expectation

Advisers need to work out what they do beyond serving products. A client can easily purchase investments without the use of an adviser these days. The mystique of entering the market, and ensuring good asset allocation can be done in two seconds. What clients expect these days follows a global trend across many disciplines – that is, clients expect to be treated well, and gain insights where they previously had none. The skills required to provide these outcomes are well outside the traditional skills of advisers, and learning how to deliver more to clients is a constant challenge.

FINANCIAL INSTITUTION CHALLENGES

BDM / adviser relationship

A significant gap exists between advisers and BDMs when it comes to the perception of the value BDMs provide. While 47 percent of BDMs believe they have added significant value for advisers recently, only 19 percent of advisers are of the same opinion⁹.

Standing out

Financial products have converged at a point, where we know what's compliant and what's possible. This means many products are very similar in what they do, and how they do it. The good news is advisers have better products than ever before. The downside for the product providers, is it is very difficult to stand out.

Disruption

Once upon a time, all a product provider needed to do was tie up a valuable relationship with a large dealer group, and there was a level of confidence in the amount of product that advisers would use. Top down regulatory, and bottom up adviser trends have over time reduced the effectiveness of this strategy. In a similar way, advisers now compete in the open market of services, products exist in the open market. It is no longer good enough to be on the large APLs or model portfolios.

Legacy engagement

Rainmaker email lists, and licensee PD days were traditionally the two major ways product providers could get in front of advisers. But with limitations on what types of conflicted remuneration can be received by dealer groups these days, and with product provider legal teams interpreting the privacy laws in a stricter way, legacy engagement methods are becoming more difficult.

Missing the next trend

With all this unprecedented change, the future will belong to the products and services that help solve adviser and client problems. There's been hundreds of millions of dollars invested into 'goals based' advice solutions, which as yet have not provided any substantial outcomes. The opportunity for the companies that build in line with adviser needs is real and it is large. The risk of wasting money on the wrong rabbit hole is just as pertinent.

⁹Business Health, When the going gets tough – Insights into BDM engagement with Advisers during COVID19, 2020

2.2.7.5 Strategies to solve these problems

Advisers

For a long period of time, advisers have been well aware other advisers are the best source of advice delivery improvement. Hence why there has always been a sharing mentality among advisers. The strategy to date for a less experienced adviser has been to source a high quality mentor, and learn directly from them. This has over time, incrementally improved advice. Advice would have capitulated to all the top down changes over the years if not for the universal, but slow – improvements over the decades.

XY Adviser simply takes the sharing mentality advisers have always had, and scales it out so many more advisers are included in the upward trajectory. Rather than pockets of brilliant advisers helping one adviser at a time, we take the conversations that have typically existed over the phone, on whatsapp, on Facebook, via email etc, and centralise it in one location.

The concept of facilitating an environment for practitioners to share and learn with one another is not a new concept. Spending time online with people you share a professional interest in is becoming more and more popular as people slowly grow out of generic social media. There are many successful examples in existence. Doximity for doctors, and Stack Overflow for coders are two examples of successful 'vertical' or 'niche' social networks. XY Adviser's plan is to become the vertical social media platform for financial advisers, helping them navigate current and future challenges.

Financial institutions

Broadly speaking, financial institutions require support to accurately develop products and services that solve adviser problems. As the majority of financial products are accessed through an intermediary like an adviser, answering the call to be of service to advisers is simply too expensive to get wrong.

We've seen what it looks like when the industry moves in the wrong direction, and many corporates are now paralysed with fear, not knowing what to do next. Throwing more money at problems rarely fixes them, so we plan on ensuring the adviser voice is heard during future improvements to the products and services advisers are using, and ensuring future investment into advisers ends with a positive outcome for advisers and clients.

2.2.7.6 Key milestones

2013

XY Adviser launches as a finance and lifestyle blog. This was to test whether there was an audience for those who were interested in money as a general interest topic.

2014

Pivoting from clients to advisers, we launch our first small and scalable event with great feedback. We go on to host a couple more of these small events around Sydney. The premise for these events are advisers sharing what they do with other advisers, so we collectively improve our advice delivery.

2015

With the success of a couple of small events, we decided to hold a large event. This is our first experience with financial institutions paying for sponsorship. We open a bank account. We incorporate, and all funds raised go to holding the large event. Advisers from all over Australia join us, but the work is too much for us to continue such large events, and instead launch on LinkedIn as a way to continue the sharing and learning while in between events.

2016

To increase engagement we start holding video meetings on a now-defunct platform called Blab. After a couple of months it ceases to exist and we are forced to substitute with Zoom webinars. After a few months, there are regulars who can't make every webinar so we record and send via email. Eventually realising we can upload to youtube to make it easier to email.

2017

We begin using the audio from our youtube channel, and uploading it to our new podcast channel. Also, after two years of growing the LinkedIn group, we decide to start again on Facebook.

2018

Interstate expansion to Victoria and Queensland to test other markets for events. We receive great feedback from these markets. Emily Blanch, our first Australian staff member joins the team and quickly becomes full time.

2019

Launch XY on Tour, taking our small and scalable events all over Australia. We host 12 events across five states to see if we are able to scale up the in-person XY experience across Australia. Great feedback across the board. Gwen, our international staff, and Clayton our MD, come on full time.

2020

The first version of XY Pulse is developed and launched to a well receiving audience. We begin to create a product roadmap with Artificial Intelligence specialists to help us build valuable market insights using de-identified advice conversation.



“

The XY Community is where all my strategy loving, client centric, go-the-extra-mile kind of advisers all hang out.

It's the first adviser centric forum I've joined where advisers freely share their knowledge, experience, heart-ache and pain in order to help their fellow adviser and bolster the advice profession.¹⁰

-Jake Wilkins

¹⁰Individual has provided written consent to the inclusion of this statement.

2.2.8 Revenue model

Advertising

While we work with a few partners on a recurring basis, we typically sign annual agreements and deliver a package of items. These agreements are anywhere between \$10,000 for a basic engagement, to over \$70,000 for our whole suite of events, email and podcast products.

Consultancy

There is potential to work on large ongoing consultancy projects. The price we have attached to this type of work will be on a daily or hourly basis, and expect the revenue to be sufficient enough to take on only one or two clients per year.

XY Pulse

Our cornerstone product moving forward. XY Pulse provides financial institutions market research to help with product development and marketing campaigns. The equity crowd fund we are undertaking will be used in part to help improve this product. We have achievable sales targets once our full time distribution team has joined. It is everything Facebook is not, and entirely focused on the privacy of the individual.

XY+

This monthly membership is for the inner circle of advisers who want an additional level of benefits above and beyond the regular XY platform experience. The current paid-for premium subscription is approximately 10% of the broader platform. We have adopted a membership pricing model which benefits early adopters, with members joining earlier locking in lower lifetime prices, but receiving all future benefits.

2.2.9 Current Distribution

OUR CURRENT CLIENT BASE AND PIPELINE

Our traditional revenue model as described above has been advertising, and is now pivoting into higher value products like our natural language AI market research. Our advantage however comes from working with and delivering to financial institutions over the last six years at an accelerating degree. This means while we are introducing new products to the market, we have been successfully delivering to many of these companies for many years.

2.2.10 Potential raise outcomes

Over the last six years, XY Adviser has matured from a hobby to a company. But the purpose has never changed – to drive the positive evolution of financial advice. With such a values-driven market proposition, it's taken us a long time to build a business model which achieves this in a way that is not a financial drain on advisers. Now we've landed on the long term direction of XY Adviser with a sustainable revenue model contributing to the positive evolution of financial advice, it's time to complete a seed funding stage.

This raise is an important milestone as it's more than accessing capital to accelerate the growth of the business. It's also a way to ensure the advice community has full transparency as to what we want to achieve, and a way to financially benefit from XY Adviser if we achieve the lofty goals we set for ourselves.

We have a two tier strategy driven by the subscription level of this raise:

Raise minimum \$300,000

At this amount, the priority here will be full time distribution and improving our suite of tech.

Tech will receive about half of the funds, spread across the three main tech functions of our business.

- Platform – this involves research for our next iteration of the platform, building and trialing features on the current beta platform, and accurately tracking our user experience via Pirate Metrics.
- XY+ – this is building the new XY+ platform with all the new dedicated features, and being able to seamlessly transition via 'single sign-on' across from the beta platform. We will also dramatically increase the discounts available as our purchasing power has improved substantially since launching XY+ 12 months ago.
- XY Pulse – this is the cornerstone revenue product of XY Adviser moving forward, there is a substantial amount of work to be achieved. We are only at stage 1 in our product development roadmap for XY Pulse, and anticipate a rapid deployment of improvements on a monthly basis once raise is completed and we have organised our release schedules. Our XY Pulse product is already built for release, and we have a pilot program in place.

Our new distribution team member will be the other priority with this raise, and will ensure we have the necessary funds to find the right individual to help get our new exclusive market research product into the hands of as many product providers as possible over a 12 month period.

Raise maximum \$600,000

At our target raise amount of \$600,000, we can now start focusing on product development to an extent we believe will rapidly scale up our abilities.

We will also start allocating money to marketing for the first time. Although we feel like we have a large presence in Australia, there would still undoubtedly be a portion of the market still unaware of what we are trying to achieve. In addition, we will also prioritise a spend on marketing XY Adviser to advisers internationally. We consider advice to be half regulatory - and therefore nationally dependent, with the other half globally relevant - such as cash flow advice, client acquisition, ongoing service strategies, or client coaching. In other words, there are parts of the advice process that can be shared between advisers all over the world, and parts that require the same legal framework. As our mandate is to bring the best advisers from all over the world together to share and learn from one another, we will use some of these funds to actively begin to reach out to audiences who have never heard of us before.

2.2.10.1 Use of funds - sales strategy

XY Adviser has never had a dedicated distribution arm. This reflects our previous position as a hobby. However, with the introduction of XY Pulse, we are now setting the foundation to a solid strategy of gaining and over delivering to new and existing clients. We've had a long time to build up our internal structure of delivery and operations, and using funds from this raise, we will look to bring on some exciting talent to take over this entire arm of the business. While this new addition will be initially responsible for driving sales, the role will evolve into overlooking the sales and delivery of the corporate side of the company.

As we have had the advantage of delivering to many of these companies in the past, this role will not come from a standing start. We have an entire 13 step process mapped out, and we will be hiring from within the industry. Someone ideally who comes from this world. We have a few ideas in mind on who this could be and will be our most important use of funds for this upcoming raise.

2.2.10.2 Use of funds – marketing strategy

XY started with an event. We hired a room in Westpac, and sold just enough tickets to thankfully be able to pay for the room hire. We realised immediately – if we provide value to advisers, marketing is something that will take care of itself. As such, we've never paid for advertising. We've grown our social channels, and picked up many emails along the way – but all advertising we've ever done has been 'value-driven'. If we can add value to advisers' lives by putting on events all over the country, then marketing will take care of itself. If we can publish hundreds of podcasts, bringing the best minds in financial advice to anyone who wants to listen, then marketing will take care of itself.

It's been a long journey, but we are confident in saying many people now know the XY Adviser brand. This strategy has been awesome, as it's allowed us to use our 'marketing efforts' to help raise the bar of advisers all over the world. But it is a slow growth model. So with this raise comes a new focus on our marketing efforts.

Improve web presence

We've had more than a handful of websites in our time, and the current version is outstandingly simple. We want to improve our entire web presence. We need to tell our story a little better. We've avoided talking about ourselves as we wanted what we stand for to be the focus, but it's time to expand beyond our organic slow growth strategy. And for that, we need a new website with a place to upload our podcasts, our articles, logins, the XY+ offer, the Brain's Trust awards, and do more to introduce the team behind the scenes.

Paid-for advertising

This is going to be interesting, as we will be using other social platforms to grow our own. We will begin to allocate sums of money to be used on getting traction, both here in Australia, and around the world.

Pirate Metrics (AAARRR)

We have adopted the pirate metrics framework for our client journey. This six step process is the most effective way to break down the journey of new advisers joining the platform. This journey allows us to identify 52 data points in total to figure out where we can be doing things better.



2.2.10.3 Use of funds – tech strategy

XY Pulse

Once the XY platform achieved a level of success, we began shifting our focus to building out the first version of our revenue generation strategy. As there is no dedicated off the shelf natural language market research tools, in order to reduce costs, and continuously iterate, the decision was made to launch with Tableau, giving us the ability to rapidly deploy updates, improvements and additional requested features at a low expense rate.

With superannuation assets set to climb to 6 Trillion \$AUD in the next decade to 2030¹¹, the products and services built to help advisers and their clients is only set to ramp up from here. XY Adviser has exclusive access to proprietary insights for industry participants to purchase and ensure an adviser-centric view for all future developments.

XY+

XY+ is our optional paid membership that currently offers a small but growing list of discounts, helps support our advocacy efforts for upfront tax deductible advice and gives access to a private group on the XY Platform with member-only educational web events and a job board.

With funds from the raise we are going to introduce additional member benefits, and utilise technology to drive efficiency in the way all current and new benefits are delivered to the XY+ community. This combined will allow for a far greater and more streamlined user experience.

Through a single online dashboard, XY+ members will have one-click access to a job board and a separate notice board for buying and selling of businesses, an events calendar to access all educational web events and view updates on our advocacy progress. Additionally, we will be adding the ability for advisers to share insights on specific tech and licensee experiences.

We will also look to ramp up access to discounts. Currently we are onboarding one every month or so, but we have reached a scale of XY+ members which now allows us to bring on large numbers of discounts.

The XY+ membership will remain dynamic as we continue to listen to what the community wants and look for ways to deliver exceptional value. For those who join the XY+ inner circle, our goal is to build out value for advisers to improve their advice process. XY+ is a long term commitment of ours over and above the platform experience.

Discovery phase of the new XY platform

Currently, our annual platform expense is limited to \$50k as we have a white labelled version of Mighty Networks. This provided us a low cost, low effort solution to prove the concept. Our plan however is to build our own proprietary platform, designed specifically for financial advisers to share and learn from one another. In order to reduce the time and money spent on building the next iteration of the XY platform, we will commence the discovery phase of what that ideal technology will do with this round of equity crowdfunding, and use those plans to raise our series A in the near future.

¹¹Deloitte, The Dynamics of the Australian Superannuation System, 2015

XY Platform – White labelled version of Mighty Networks

When we made the call to pursue XY as an ongoing concern, the first hurdle was how we were going to launch with our own platform. We spent about 12 months building our own solution, beta tested with our top users, and found it was not good enough to launch with. With some research, we found Mighty Networks to have exactly what we were looking for to prove out the concept of a stand alone XY platform. As such, we approached them and secured an ongoing deal to use their tech as our tech until such time as we choose to build our own.

Current XY Platform Usage Metrics

With a very small amount of money, we have been able to achieve operational metrics well above the investment received. When starting a new social network, the obvious question is 'how can a new platform compete with Facebook or LinkedIn?' To help answer these questions, we allocated our entire tech spend on a white labelled version of Mighty Networks and moved off Facebook entirely. In order to prove the concept we needed to answer two simple questions:

- Will advisers join?

Launching as the only home for XY Adviser in January 2020, the new platform sits at nearly 3,000 advisers. Considering it took XY five years to grow to 4,000 on 3rd party platforms, we have successfully answered 'yes' to this most pivotal of questions.

- Will advisers come back?

A platform is only as successful as it's returning members, and to give a good idea of the ongoing traction we have, we have already passed the website engagement rankings of other industry participants well beyond our current size and revenue. As example below, here are the Alexa rankings of important stakeholders which aim to capture the attention of financial advisers¹².

	COMPANY	ALEXA RANKING
	XY Adviser	#192,979
	Money Management	#262,872
	TPB	#281,083
	FPA	#370,152
	Financial Standard	#433,244
	IFA Magazine	#502,740
	Adviser Ratings	#528,371
	Investor Daily	#532,494
	Professional Planner	#812,529
	AFA	#1,090,865

¹²Alexa website rankings are based on internet traffic and engagement over the past 90 days. The Alexa rank above reflects results published to alexa.com/siteinfo on the 21th of August 2020 and fluctuate on a daily basis. Past performance is not a reliable indicator of future performance.

2.2.11 Organisational chart

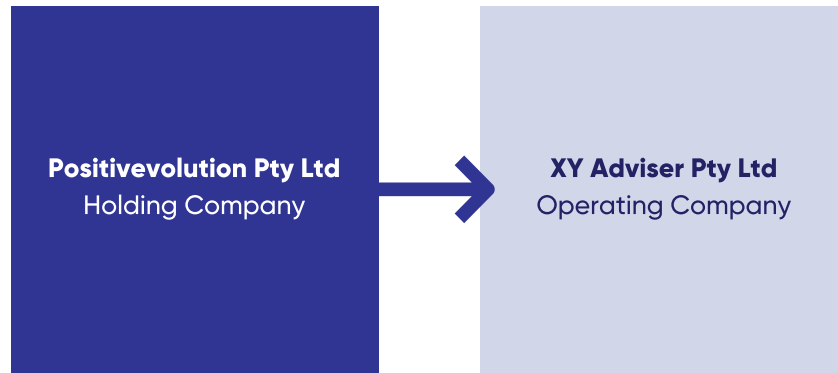


XY has been able to keep staffing costs low to date with volunteer, part time and contracting arrangements predominantly used during the maturing stage of the company.

Moving forward, we will begin to structure the employment arrangements with more longevity while still retaining our conservative approach to total staffing costs.

2.2.12 Corporate Structure

XY Adviser operates under Positivevolution Pty Ltd and completely owns XY Adviser Pty Ltd.



2.2.13 Issued Shares

Table 1 below sets out the major shareholders in Positivevolution Pty Ltd. All shares held are fully paid ordinary shares of the same class.

Equity pre and post offer

	PRE-OFFER		POST-OFFER	
HYLAND PARK PTY LTD	1,777,763	32.92%	1,777,763	29.62%
POR QUE NO PTY LTD	1,278,087	23.68%	1,278,087	21.31%
SENSIBLE INVESTMENT MANAGEMENT PTY LTD	784,356	14.52%	784,356	13.07%
RAYMOND JARAMIS	784,356	14.52%	784,356	13.07%
LULABELL PTY LTD	351,391	6.51%	351,391	5.86%
GERONIMO EFFECT PTY LTD	424,048	7.85%	424,048	7.06%
Equity Crowd Fund Investors	na	na	600,000	10%

2.2.14 Rights and liabilities associated with securities

As at the date of this Offer, the only class of shares that the Company has on issue are ordinary shares. There is no shareholders agreement in place between the existing share-holders of the Company and as such, the rights and liabilities attaching to the ordinary shares on issue are determined by the constitution. A more detailed description of the rights associated with the shares is set out in section 3.3 below.

2.2.15 Debt funding and other sources of funding

XY has been mainly funded through operational revenue, but the founders have allocated small amounts of money as loans.

There is an outstanding loan of \$22,026.87 from from existing shareholders. The funds raised under the offer will not be used to pay back the loan, but will be paid from operating cash flow at a later date.



“

In a world where there's so much conflicting information available, having access to XY Adviser and the 'real' advisers on here, means that I can ask questions from professionals with experience of what I'm going through. From questions around running my business, to helping my clients, I know where to go for answers and for support. Financial Advisers need a lot of support, and XY is my go-to for a virtual helping hand.¹³

-Antoinette Mullins

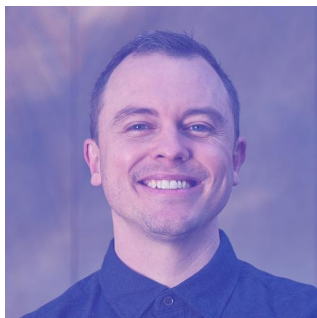
¹³Individual has provided written consent to the inclusion of this statement.

2.3 Board and key people.



Andrew Rocks
Chairman

Andrew has been part of financial planning for 25 years, as a practitioner and owner. After successfully building and supporting companies across the many stages of financial planning, Andrew has decided to support the positive evolution of Financial advice, as both Chairman and Investor.



Clayton Daniel
Managing Director

Clayton is a former principal financial adviser and co-founder of XY Adviser who entered into the tech landscape with a desire to help improve financial advice on a global scale. A big believer in the benefits advice can bring to individuals and society.



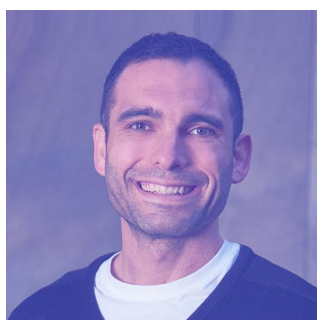
Ben Nash
Director

Ben is a financial adviser, founder of Pivot Wealth, and Co-Founder of XY adviser. Ben is passionate about ensuring everyone has access to the life changing benefits of great financial advice.



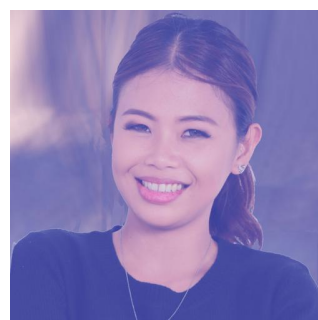
Emily Blanch
Head of Community

Emily Blanch blends her experience in Financial Services with her love for community building, delivering a member experience that no instruction manual can capture. Emily is a big believer in the value of great advice and helping XY Advisers feel inspired, connected to a bigger vision and clear in their direction.



Adrian Patty
Head of Technology

Adrian Patty is a former financial adviser who has spent his entire professional career in Financial Services. Adrian is passionate about driving technology innovation to better support the work advisers do in delivering sound, and compliant financial advice.



Gwen Lazarito
Community Support

Gwen has worked in various industries over the years. She's currently working out of Virtual Business Partners and has brought all her knowledge and skills to support the XY team and make it run like a well-oiled machine. Gwen believes that positive change comes from deep conversations, collaboration and continuous improvement..

2.4 Risks facing the business.

An investment in XY Adviser should be seen as high-risk and speculative. A description of the main risks that may impact the Company's business is below. Investors should read this section carefully before deciding to apply for shares under the Offer. There are also other, more general risks associated with XY Adviser risks relating to general economic conditions or the inability to quickly or easily sell your shares.

Competition risk	There is the risk that other companies could create a vertical social media for financial advisers. Until this time, no company would have the ability to compete with us.
Lack of activity	The value of the business lies in the de-identified and packaged conversations advisers are having on XY Adviser. If advisers stop using XY Adviser, this will remove our ability to continuously update financial institutions with the de-identified problems that need solving.
Financial institution interest	Becoming a B2B supplier with some of the largest companies in Australia takes a long time. Each decision on average has over 7 decision makers. If there are not enough decision makers who have heard of XY Adviser, asking them to purchase a tech delivered market research product becomes a difficult proposition. This is where having the number #1 podcast in financial services in Australia has provided substantial help.
Key personnel	The current core members of the team have been pivotal in getting XY Adviser to this position over the last three years, and there is an inherent risk of losing these team members. The equity ownership of XY Adviser has been fairly distributed in a horizontal way, ensuring all long term members of the team have adequate ownership to stay on. The board has passed a resolution to launch an ESOP in the near future to help with attracting new talent.
Long lead and invoice payment terms	While XY Adviser has been a part of the financial services landscape for the last six years, it still does take a long time to secure business. This is typical of the industry. Also there can be long delays with invoice payments which can affect the cash flow of the company.
Security and cyber attacks	As a tech business, we are open to cyber attacks like any other online business. We have the large advantage of having a well funded silicon valley company - Mighty Networks, perform consistent security tests on their platform, thereby providing the security advantages to XY Adviser. As we are not a 'data business', we do not collect large numbers of data points at risk of being hacked. Our insights are simply well organised natural language market research. If our de-identified conversations were accessed illegally from our system, the difficulty in training an AI to deliver anything would require years of speciality work, which seems highly unlikely to occur.
Insolvency	All startups have the risk of failing to sell enough product to pay for the company to succeed. As such, we have historically kept our expenditure very tight over the last three years, and with very small amounts of previous funding we have been able to achieve a lot. We don't carry much debt, and consistently do our best to ensure tech costs do not creep too high. The team receives moderate salaries despite the high level of work as we are committed to investing as much money into the long term success of the business. With that said, there is no guarantee we will achieve our sales targets in the first twelve months after the crowd fund raise, as such insolvency remains a risk.
Timing risk	With Covid having a large impact on the global economy recently, XY Adviser is also at risk of scaling up in an underperforming economic environment. As being helpful to advisers is one of the most important strategies financial institutions can employ, we are somewhat confident our XY Pulse product will succeed regardless of the macro conditions, but this of course depends on the level of global downward pressure.
Regulatory risk	While XY Adviser is a social media company with no financial services or products, our audience does operate in a heavily regulated environment. As the board and team are former and current financial advisers, we keep this front of mind.

2.5 Financial information.

Below are financial statements showing the last four financial years of the operating company XY Adviser Pty Ltd, a wholly owned subsidiary. The information has been extracted from annual reports prepared by Air Accounting Pty Ltd for the 12 months ending 30 June 2020 and three preceding 12 month periods. They are not audited accounts as XY Adviser is not a reporting entity as prescribed under the Act and is not required to provide audited accounts. The holding company Positivevolution Pty Ltd financial statements are in the appendix.

Profit and Loss Statement

	JUN 2020	JUN 2019	JUN 2018	JUN 2017
Income				
Revenue	322,217	171,098	119,468	40,043
Total income	322,217	171,098	119,468	40,043
Cost of sales				
Direct costs	51,009	31,814	25,389	6,472
Total costs of sales	51,009	31,814	25,389	6,472
Gross profit	271,209	139,285	94,079	33,571
Other income				
Interest income	752	435	569	373
Total other income	752	435	569	373
Expenses				
Accounting and bookkeeping fees	21,918	7,660	6,019	4,951
Advertising/Marketing	-	-	13,070	3,546
Bank fees	187	1,418	(16)	3
Computer expenses	69,582	24,940	-	-
Education and training	427	72	2,422	-
Entertainment	169	-	-	-
Filing fees	-	1,005	405	326
Insurance	1,744	2,852	2,573	-
Legal expense	3,750	3,588	5,950	-
Meetings	2,107	3,941	8,625	2,344
Office expenses	1,470	1,894	5,615	2,517
Staffing	158,150	64,579	48,337	10,370
Subcontractors	27,408	-	-	-
Subscriptions	-	-	1,407	392
Travel and accommodation	3,467	4,179	7,421	1,332
Website expenses	296	1,263	1,608	-
Total expenses	290,674	117,392	128,825	32,793
Profit/(loss) before tax	(18,713)	22,328	(8,788)	7,623
Income tax expense				
Income tax expense	-	2,146	-	2,096
Total income tax expense	-	2,146	-	2,096
Net profit after tax	(18,713)	20,182	(8,788)	5,527

Balance Sheet

	30 JUN 2020	30 JUN 2019	30 JUN 2018	30 JUN 2017
Assets				
Current Assets				
Cash and cash equivalents	44,358	37,580	8,708	24,197
Trade and other receivables	68,200	6,945	-	-
Total Current Assets	112,558	44,525	8,708	24,197
Non-Current Assets				
Intangible assets	1,320	-	-	-
Total Non-current Assets	1,320	-	-	-
Total Assets	113,878	44,525	8,708	24,197
Liabilities				
Current Liabilities				
Trade and other payables	24,623	10,023	-	-
Provisions	20,000	-	-	-
Tax related liabilities	5,014	1,548	(4,064)	2,638
Total Current Liabilities	49,637	11,571	(4,064)	2,638
Non-current Liabilities				
Other payables	50,000	-	-	-
Total Non-Current Liabilities	50,000	-	-	-
Total Liabilities	99,637	11,571	12,772	21,560
Net Assets	14,241	32,954	12,772	21,560
Equity				
Retained earnings	14,201	32,914	12,732	21,520
Share capital	40	40	40	40
Total Equity	14,241	32,954	12,772	21,560

2.5.1 Management comments on historical performance and outlook

THE POSITIVE EVOLUTION OF XY ADVISER

While XY Adviser has a confident growth trajectory, the use of forecasts in documents like these including IPO prospectus' are limited by the Corporations Act. As such, we are unable to show our complete forecasts. With this in mind, here is the timeline of XY Adviser, from inception to future plans.

Inception of an idea July 2013 – June 2014

- With very little direction, xyadviser.com started as a blog directed at a retail audience. The half lifestyle, half money theme didn't find a dedicated audience.

Inception as hobby July 2014 – June 2017

- Moving across to focus on other financial advisers, we approached the first three years of XY Adviser as a hobby. The concept was – we are happy to continue putting our time in for free if advisers want us to continue.
- The Modern Adviser event was held on November 12th 2015 which introduced the necessity of incorporation to limit our liability, and to begin handling sums of revenue and expenses.
- We launched virtual get together each week on a platform called Blab. It became defunct, and we moved across to Zoom. Eventually after a few iterations, leading to the creation of the XY Podcast.
- After two years on LinkedIn, we moved across to Facebook. Essentially starting growth from scratch.

XY Adviser gets first employee July 2017

- A fortuitous meeting between Emily Blanch and XY Adviser resulted in a part time job offer. At this stage XY Adviser held one or two events per year, a weekly podcast, and hosted a Facebook group. Emily's job was to simply improve all three.
- Maturing into a full time role, XY finally had someone in the company who could solely focus on our ecosystem.
- Over the years our revenue and capabilities increased, we kept adding to the team and improving our delivery. All the while controlling costs.
- Eventually, the growth of XY Adviser exceeded our ability to maintain it as a hobby with one full time staff in Australia, and one in the Philippines, and we made the decision to change the focus to becoming an ongoing commercial entity.

Commercial step 1 – August 2019 – August 2020

- XY Adviser receives a small amount of investment, providing an opportunity to launch a unique adviser focused platform. The challenge was to see if XY Adviser could attract the existing user base from Facebook on to the new platform, providing us a premise to continue. This hypothesis has been achieved.
- During this time, cofounder Clayton Daniel came on as MD, adding additional full time team members to improve delivery further, and developing our own proprietary market research platform.
- Sales to date have largely come off personal relationships we developed as financial advisers. XY Adviser has yet to go to market with a wide ranging distribution strategy.

- Our reputation has grown substantially in 2020 as we moved off Facebook, and launched version one of our vertical social platform. This in turn will allow us to open more doors.
- The new distribution role will be filled by someone from within the financial institution world with strong links to financial institutions.

Commercial step 2 - September 2020 - September 2021

- Arriving at this initial equity crowd fund, the funds will be used to bring forward sales and operational numbers. As the premise for the adviser platform has been initially proven, we now need to prove out the commercial model.
- We have delivered to around twenty large financial institutions at this stage to varying degrees, and believe with the right distribution strategy we can offer our new products to our existing client suite.
- We have never had a full time staff member focused on sales, with the key hire from this round of funding to go towards an individual with strong ties to the large industry participants. We will also allocate budget to begin growing further across Australia, and begin the first steps of awareness internationally.
- Development costs will be across our website, XY+ membership, and the market research product XY Pulse.

Commercial step 3 - October 2021 - onwards

- Once we have grown the platform further in terms of monthly active users, and proven our revenue model with the XY Pulse product, we will look to raise a substantial series A and scale up our traction across the globe.
- We haven't decided at this time if the next raise will come from equity crowdfunding or not.

Comments on revenue outlook are inherently uncertain and should not be solely relied upon as they are subject to change, uncertainty and unexpected events, many of which cannot be controlled. Accordingly, actual results are likely to differ from the forecasts. No representation or assurance is or can be given that the forecasts will be achieved. Past performance is no guarantee of future performance. This revenue outlook has been prepared by Postivevolution Pty Ltd and has not been validated by an independent third party.

SECTION 3.0

Information about the offer.

3.1 Terms of the offer.

Positivevolution Pty Ltd is offering up to 600,000 shares at an issue price of AU \$1.00 per share to raise up to \$600,000.

The key terms and conditions of the Offer are set out in the table below.

To participate in the Offer, you must submit a completed application form together with the application money via the Intermediary's platform. The Intermediary's website provides instructions on how to apply for shares under the Offer at www.birchal.com.

The Intermediary must close the Offer early in certain circumstances. For example, if the Maximum Subscription is reached, the Offer must be closed. If the Minimum Subscription is not reached or the Offer is closed but not completed, you will be refunded your application money.

SHARES	DETAILS
Shares	Fully-paid ordinary shares
Price	\$1.00
Minimum subscription	\$300,000
Maximum subscription	\$600,000
Opening date	27th August 2020
Closing date	17th September 2020
Maximum parcel size (for retail investors)	\$10,000
Minimum parcel size	\$250

A description of the rights associated with the shares is set out in Section 3.2.

Investors may withdraw their application during the Cooling-off Period. Further information on investor cooling-off rights can be found in Section 4 of this CSF offer document.

The Offer is not underwritten.

3.2 Use of funds.

This seed round will fund our Build / Sell / Grow project over the next 12 to 18 months. The use of these funds will go towards accelerating the development of XY Pulse and our broader tech ecosystem, acquiring the commercial talent to increase sales, and actively promote XY to advisers who are yet to join.

The table below sets out the intended use of funds raised under this Offer based on the minimum and maximum subscription amounts.

USE OF FUNDS	MINIMUM	MAXIMUM
BUILD		
XY Pulse development	\$43,067	\$100,000
XY Platform	\$43,067	\$100,000
XY+ development	\$43,066	\$100,000
SELL		
Staff	\$150,000	\$150,000
GROW		
Marketing expense		\$111,200
OFFER COSTS	\$20,800	\$38,800
TOTAL	\$300,000	\$600,000

The Offer is not underwritten and there is no guarantee that these funds will be raised.

The cost of the Offer includes the Intermediary's fees under the hosting agreement between the Company and the Intermediary.

These fees are up to 6% of all funds raised by the Issuer through Birchall Financial Services Pty Ltd (Intermediary), plus \$2,800 for administration and setup costs.

Other than as specified above, no other payments from the funds raised will be paid (directly or indirectly) to related parties, controlling shareholders, or any other persons involved in promoting or marketing the Offer.

3.3 Rights associated with the shares.

Immediately after issue, the shares will be fully-paid shares. There will be no liability on the part of shareholders and the shares will rank equally with the shares currently on issue.

The rights associated with the shares are set out in the Company's constitution. These rights are described below. A copy of the constitution is available on the Intermediary's platform.

3.3.1 Voting rights

Each shareholder has one vote on a show of hands and, on a poll, one vote for each share held.

3.3.2 Dividends

All shareholders have a right to receive any dividends declared and paid by the Company. The directors have a discretion and may resolve to pay dividends, subject to their obligations under the Corporations Act (for example, they cannot pay dividends unless the Company's assets are sufficiently in excess of its liabilities immediately before the dividend is declared and where it may materially prejudice the Company's ability to pay its creditors).

3.3.3 General meetings and notices

Directors have the power to call meetings of all shareholders or meetings of only those shareholders who hold a particular class of shares. Shareholders who hold at least 5% of the votes which may be cast at a general meeting of the Company have the power to call and hold a meeting themselves or to require the directors to call and hold a meeting.

3.3.4 Election and removal of directors

Shareholders may vote to elect and remove directors at a general meeting by way of ordinary resolution (70%).

3.3.5 Winding-up

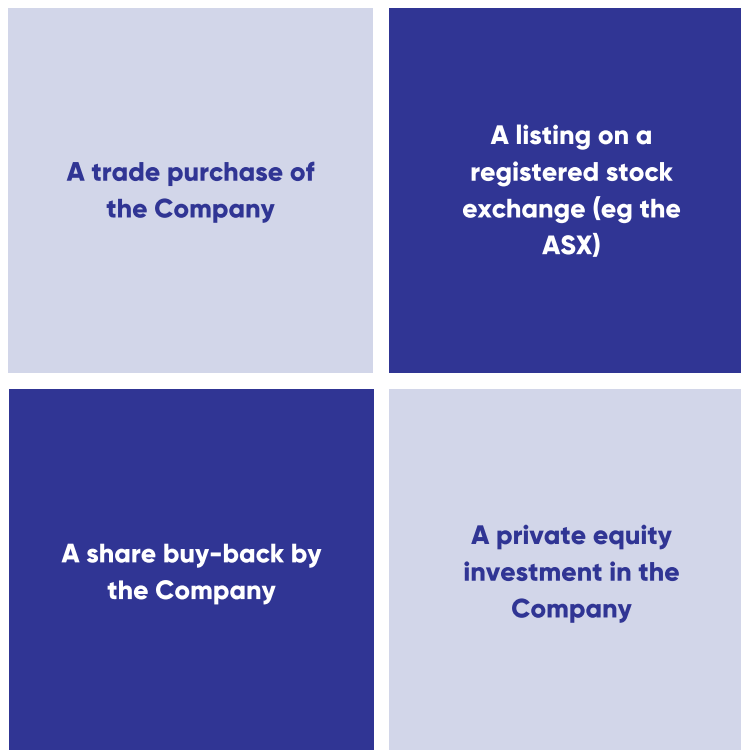
If the Company is wound up and there are any assets left over after all the Company's debts have been paid, the surplus is distributed to holders of ordinary shares after secured and unsecured creditors of the Company. Holders of fully-paid ordinary voting shares rank ahead of other classes of shares (if any).

3.3.6 Restrictions on sale or transfer

We also draw your specific attention to the fact (and by entering into this Subscription Agreement you are taken to acknowledge) that any CSF Shares acquired under the Offer must not be onsold within 12 months of their issue without a prospectus or other disclosure document, unless an exemption under section 708 of the Corporations Act 2001 (Cth) applies (e.g. sales to sophisticated or professional investors) or unless ASIC gives relief from the requirement to provide such prospectus or other disclosure document

3.4 What can I do with my shares?

Shares in the Company are considered illiquid as they cannot easily be transferred or sold. However, there are numerous possible circumstances that may create an opportunity for shareholders to exit the business. These include, but are not limited to:



There is no guarantee that any of the exit options will eventuate.



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As we work towards building a global profession that serves all people, it's imperative we connect with, learn from and support each other every step of the way, which is exactly what the XY Adviser community is all about. The success and joy of being part of the community has a lot to do with how they leverage their technology platform to connect advisers from around the world, who can easily find and participate in a myriad topics, groups and events, without the distractions found on other social networks. With so many things vying for our attention these days, it's great to have the positive, welcoming home of XY advisers working together to drive the positive evolution of advice.¹⁴

-Kate Holmes

¹⁴Individual has provided written consent to the inclusion of this statement.

SECTION 4.0

Information about investor rights.

4.1 Cooling-off rights.

You have the right to withdraw your application under this Offer and to be repaid your application money. If you wish to withdraw your application for any reason (including if you change your mind about investing in the Company), you must do so within five business days of making your application (the Cooling-off Period).

You must withdraw your application via the Intermediary's platform as follows: by following the link and instructions on the CSF Offer page on the Intermediary's platform.

After your withdrawal has been processed, the Intermediary will refund the application money to your nominated account as soon as practicable.

4.2 Communication facility for the Offer.

You can ask questions about the Offer on the communication facility available on the Intermediary's platform. You can also use the communication facility to communicate with other investors, with the Company and with the Intermediary about this Offer.

You will be able to post comments and questions about the Offer and see the posts of other investors on the communication facility. The Company and/or the Intermediary will also be able to respond to questions and comments posted by investors.

Officers, employees or agents of the Company, and related parties or associates of the Company or the Intermediary, may participate in the facility and must clearly disclose their relationship to the Company and/or Intermediary when making posts on the facility.

Any comments made in good faith on the communication facility are not subject to the advertising restrictions in the Corporations Act.

4.3 Proprietary company corporate governance obligations.

4.3.1 Annual report

While the Company is currently a small proprietary company that is not required to prepare annual financial reports and directors' reports, if we successfully complete this Offer, then we will be required to prepare and lodge these annual reports with ASIC (within four months of the financial year end). The Company has a 30 June year end and its financial reports must be lodged by 31 October each year.

Our financial reports are currently not required to be audited as we are a small proprietary company. This means that the Company's financial reports will not be subject to auditor oversight and, therefore, there will be no independent assurance of the Company's financial statements. However, the directors are still required to ensure that the financial statements give a true and fair view of the Company's financial position and performance and that the financial statements comply with the accounting standards.

We may be required to have our financial reports audited in the future if we raise more than \$3 million from CSF offers (including this current offer and any future offers) or otherwise become a large proprietary company.

4.3.2 Distribution of annual report

The Company is not required to notify shareholders in writing of the options to receive or access the annual report. Shareholders will receive a copy of the annual report via email once a year.

4.3.3 Related party transactions

If we successfully complete this Offer, the rules on related party transactions in Chapter 2E of the Corporations Act will apply to the Company (for so long as we continue to have CSF shareholders). This means that the Company is required to obtain shareholder approval before giving financial benefits to related parties of the company (e.g. directors and their spouses, children or parents), subject to certain exceptions (such as reasonable remuneration provided to directors).

4.3.4 Takeovers

If we successfully complete this Offer and have more than 50 shareholders, the takeover rules in the Corporations Act will only apply to the Company in a very limited way. If someone wants to buy more than 20% of the voting shares in the Company, they will be able to do so without complying with the takeover rules. This means a person may be able to get control of the Company without making a formal takeover bid to all shareholders or without seeking shareholder approval.

Shareholders will not have the benefit of the full protections under the takeover rules, which means you may not have the right to vote on or participate in a change of control of the company. However, the general principles of ensuring shareholders have sufficient information and time to consider a change of control, and all have a reasonable and equal opportunity to participate in any benefits, will apply to the Company. In addition, the Takeovers Panel has jurisdiction to hear disputes relating to control of the Company.

Glossary.

Company

means Postivevolution Pty Ltd trading as XY Adviser

Cooling-off Period

means the period ending five business days after an application is made under this Offer, during which an investor has a right to withdraw their application and be repaid their application money

CSF

means crowd-sourced funding under Part 6D.3A of the Corporations Act

Intermediary

means Birchall Financial Services Pty Ltd AFSL 502618

Maximum Subscription

means the amount specified in this CSF offer document as the maximum amount sought to be raised by the Offer

Minimum Subscription

means the amount specified in this CSF offer document as the minimum amount sought to be raised by the Offer

Offer

means an offer of fully-paid ordinary shares by the Company under this CSF offer document

Wholesale Investor

means an investor who satisfies the definition of a 'wholesale client' under Chapter 7 of the Corporations Act 2001 (Cth).

XY

means Postivevolution Pty Ltd trading as XY Adviser

Appendix.

Financial statements for the holding company Positivevolution Pty Ltd

Profit and Loss Statement

	30 JUN 2020
Gross Profit	-
Profit/(Loss) Before Tax	-
Net Profit After Tax	-
Net Profit After Dividends Paid	-

Balance Sheet

	30 JUN 2020
Assets	
Current Assets	
Cash and cash equivalents	100
Total Current Assets	100
Non-Current Assets	
Financial and other assets	949,900
Other receivables	50,000
Total Non-Current Assets	999,900
Total Assets	1,000,000
Equity	
Shared capital	1,000,000
Total Equity	1,000,000

Statement of Cash Flows

	30 JUN 2020
Other Activities	
Cash received on incorporation	100
Net Cash Flows from Other Activities	100
Net Cash Flows	100
Cash and Cash Equivalents	
Cash and cash equivalents at beginning of period	-
Cash and cash equivalents at end of period	100
Net Change in Cash for Period	100

Statement of Changes in Equity

	30 JUN 2020
Equity	
Balance at 1 July 2019	-
Ordinary shares issued	1,000,000
Balance at 30 June 2020	1,000,000



**Driving the positive evolution
of financial advice**

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DETAILS

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