



Independent audit report to the Board of Directors of Patersons Securities Limited on documented measures relating to MDA services

Scope

We have audited the documented measures which form part of the internal control structure relating to MDA services (the Documented Measures) of Patersons Securities Limited (the Operator) as operator of Accolade Plus to form an opinion on the Operator's compliance with its obligations relating to the provision of MDA services in accordance with ASIC Corporations (Managed Discretionary Accounts) Instrument 2016/968 (the Instrument) during the financial year ended 30 June 2019. The directors and management of the Operator are responsible for the design, documentation, operation, maintenance and monitoring of adequate Documented Measures and compliance with them, during the financial year ended 30 June 2019.

Our audit has been conducted in accordance with the Australian Standards ASAE 3000 *Assurance Engagements other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagements on Controls* and accordingly included such tests and procedures as we considered necessary in the circumstances.

Our procedures included obtaining an understanding of the Documented Measures and an examination, on a test basis, of evidence supporting whether the Operator complied with the Documented Measures included in Patersons' Policies and Procedures during the financial year ended 30 June 2019 and that those Documented Measures met the conditions of the Instrument during that financial year.

These procedures have been undertaken to form an opinion whether in relation to the provision of MDA services (as defined in the Instrument) by the Operator:

- the Operator has complied, in all material respects, with the Documented Measures included in the attached Controls Report during the financial year ended 30 June 2019; and
- those Documented Measures met the conditions of the Instrument during that financial year.

This report has been prepared for the directors of the Operator to enable the Operator to meet its obligation to lodge this report with ASIC with its annual financial statements under section 989B of the Corporations Act 2001, as required by the Instrument. We disclaim any assumption of responsibility for any reliance on this report to any person other than the addressee and ASIC, who may rely on this report only for the purpose for which it was prepared.

Inherent limitations

Because of the inherent limitations in any internal control structure, it is possible that fraud, errors or non-compliance with laws and regulations may occur and not be detected. Further, the internal control structure, within which the Documented Measures operate, has not been audited and no opinion is expressed as to its effectiveness.

PricewaterhouseCoopers, ABN 52 780 433 757
Brookfield Place, 125 St Georges Terrace, PERTH WA 6000, GPO Box D198, PERTH WA 6840
T: +61 8 9238 3000, F: +61 8 , www.pwc.com.au

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An audit is not designed to detect all weaknesses in the Documented Measures as it is not performed continuously throughout the period and the tests performed are on a sample basis.

Any projection of the evaluation of the Documented Measures to future periods is subject to the risk that the Documented Measures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

The audit opinion expressed in this report has been formed on the above basis.

Basis for Qualified Opinion

Effective 1 October 2017, Class Order 04/194 (the “Class Order”) was repealed and replaced by Australian Securities and Investments Commission (“ASIC”) Financial Instrument 2016/968 (the “Instrument”). Following this transition, disclosures required by Part 3 of the Instrument, sections 912AEB (1)(c)(ii), (1)(c)(iii) and (1)(c)(v) were omitted by the Operator in its contracts with clients. This was remediated on 4 October 2018.

In addition, during the period, four clients were not provided with the advice required by section 912AEB (8)(b) of the Instrument. This was remediated on 3 January 2019.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, in relation to the provision of MDA services (as defined in the Instrument) by the Operator that:

- the Operator has complied, in all material respects, with the Documented Measures detailed in Patersons’ Policies and Procedures during the financial year ended 30 June 2019; and
- those Documented Measures met the conditions of the Instrument during that financial year.

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

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A handwritten signature in cursive script, appearing to be 'W. P. R. Meston'.

William P R Meston
Partner

Perth
24 September 2019