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## **Independent audit report by the auditor to the Board of Directors of Canaccord Genuity Financial Limited on internal controls and other relevant accounting procedures as they relate to the specified annual investor statements and quarterly reports for the year ended 30 June 2020**

We have audited the internal controls and other relevant accounting procedures of Canaccord Genuity Financial Limited ("the Operator") including those over any other relevant person acting on behalf of the Operator, relating to the preparation of annual investor statements and quarterly reports given to the clients of Canaccord Genuity Financial Limited Managed Discretionary Accounts Service (managed discretionary accounts or "MDA") ("the clients") for the year ended 30 June 2020. These internal controls and accounting procedures are hereafter referred to as "the internal controls".

### ***Director's and Management's Responsibility***

The directors and management of the Operator are responsible for maintaining an effective internal control structure including the internal controls in relation to the preparation of annual and quarterly investor statements provided to the clients. The annual investor statements for each client comprise a summary of the transactions executed by or on behalf of the client through the MDA during the MDA financial year containing the particulars that the Operator considers a client may reasonably require in relation to the transactions. The quarterly statements comprise for each client all transactions executed by or on behalf of the client through the MDA during the quarter, a statement of the quantity and value of assets and liabilities held through the Operator by the client as at 30 September 2019, 31 December 2019, 31 March 2020 and 30 June 2020 and the corresponding revenue and expenses of the client for the year ended on 30 June 2020. We have conducted an independent audit of these internal controls.

### ***Auditor's Responsibility***

Our audit has been conducted in accordance with the Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls* issued by the Auditing and Assurance Standards Board and accordingly included such tests and procedures as we considered necessary in the circumstances.

The procedures selected depend on our judgement, including the assessment of the risks that the controls are not suitably designed or the controls did not operate effectively. Our procedures included testing the operating effectiveness of those controls maintained by the Operator in relation to the preparation of annual investor statements and information provided electronically on an ongoing basis. These procedures also included testing that the aggregates of assets (other than assets held by a client), liabilities, revenue and expenses shown collectively in the annual investor statements were properly reconciled in all material respects by the Operator as at 30 June 2020 to the corresponding amounts shown in reports prepared by the Operator which have been independently audited.

These procedures have been undertaken to obtain reasonable assurance about whether:

1. the Operator maintained internal controls and other relevant accounting procedures in relation to the preparation of annual and quarterly investor statements, including any other relevant person acting on behalf of the Operator, that were suitably designed and operated effectively in all material respects to provide reasonable but not absolute assurance that the annual investor statements for the year ended 30 June 2020 and quarterly investor statements for the periods ended 30 September 2019, 31 December 2019, 31 March 2020 and 30 June 2020 have been given to clients without material misstatements; and
2. the aggregates of assets (other than assets held by a client), liabilities, revenue and expenses shown in the clients' annual investor statements for the year ended 30 June 2020 have been properly reconciled in all material respects by the Operator as at 30 June 2020 to the corresponding amounts shown in reports prepared by the Operator which have been independently audited.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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### ***Inherent limitations***

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and operating effectively, the control objectives may not be achieved so that fraud, error, or non-compliance with laws and regulations may occur and not be detected. Further, the internal control structure, within which the controls that we have assured are designed to operate, has not been assured and no opinion is expressed as to its design or operating effectiveness.

An audit is not designed to detect all weaknesses in internal control and other accounting procedures as it is not performed continuously throughout the period and the tests performed are on a sample basis. Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

### ***Opinion***

In our opinion,

1. the Operator maintained internal controls and other relevant procedures in relation to the preparation of annual investor statements and quarterly investor statements for the periods ended 30 September 2019, 31 December 2019, 31 March 2020 and 30 June 2020, including those over any other relevant person acting on behalf of the Operator, that were suitably designed and operated effectively, in all material respects, to provide reasonable but not absolute assurance that the annual investor statements for the year ended 30 June 2020 and the quarterly investor statements for the periods ended 30 September 2019, 31 December 2019, 31 March 2020 and 30 June 2020 for the year ended 30 June 2020 have been given to clients without material misstatements; and
2. the aggregates of assets (other than assets held by a client), liabilities, revenue and expenses shown in the clients' annual investor statements for the year ended 30 June 2020 have been properly reconciled in all material respects by the Operator as at 30 June 2020 to the corresponding amounts shown in reports prepared by the Operator which have been independently audited.

### ***Intended Users and Purpose***

This report has been prepared to meet the requirements of *ASIC Corporations (Managed Discretionary Account Services) Instrument 2016/968*. It is intended solely for the Directors of Canaccord Genuity Financial Limited, the current clients of Canaccord Genuity Financial Limited Managed Discretionary Accounts Service and ASIC (collectively "the Recipients"). A party other than the Recipients accessing this report does so at their own risk and Ernst & Young expressly disclaims all liability to a party other than the Recipients for any costs, loss, damage, injury or other consequence which may arise directly or indirectly from their use of, or reliance on the report.

A handwritten signature in black ink that reads "Ernst &amp; Young".

Ernst & Young

A handwritten signature in black ink that reads "Luke Slater".

Luke Slater  
Partner  
Melbourne  
28 September 2020