



Independent audit report by the auditor to the Board of Directors of Perpetual Trustee Company Limited on the internal control procedures relating to MDA services

We have audited the internal control procedures relating to MDA Services (documented measures) of Perpetual Trustee Company Limited (the Operator) as operator of Perpetual's Discretionary Service in order to form an opinion on the Operator's compliance with its obligations relating to the provision of MDA services in accordance with ASIC Class Order 04/194 *Managed discretionary accounts* (the Class Order) and the *Corporations Act 2001* (the Act) during the financial year ended 30 June 2017, as detailed in the attached "Management Report on Internal Control Procedures" (the Report) dated 7 September 2017.

Directors' responsibility for the annual investor statements

The directors and management of the Operator are responsible for establishing and maintaining the documented measures of the MDA service that it operates in accordance with the Class Order and the Act relating to the provision of MDA services and for the adequacy of the internal control procedures contained in the documented measures, including the internal control systems, policies and procedures, and compliance with them, during the financial year ended 30 June 2017. These responsibilities are set out in the Class Order. The directors' assertions regarding the design and operation of the documented measures have been acknowledged in the attached directors' declaration dated 7 September 2017.

Auditor's responsibility

Our responsibility is to express an opinion whether, in relation to the provision of MDA services (as defined in the Class Order) by the Operator that:

- the Operator has complied, in all material respects, with the documented measures detailed in the attached Report dated 7 September 2017 during the financial year ended 30 June 2017; and
- those documented measures met the conditions of the Class Order and the Act relating to the provision of MDA services at all times during that financial year ended 30 June 2017.

We have performed our work in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and other auditing standards applicable to internal controls engagements and accordingly included such tests and procedures as we considered necessary in the circumstances. We apply Australian Standard on Quality Control (ASQC) 1 and maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our procedures included obtaining an understanding of the documented measures and the compliance measures which it contains and examination, on a test basis, of evidence supporting whether the MDA Operator complied with the documented measures detailed in the attached Report during the financial year ended 30 June 2017



and that those documented measures met the conditions of the Class Order and the Act during the financial year.

Inherent limitations

Because of the inherent limitations of any internal control structure, it is possible that fraud, error or non-compliance with laws and regulations may occur and not be detected. Our reasonable assurance engagement is not designed to detect all non-compliance with the Class Order and the Act relating to the provision of MDA services at all times during the financial year ended 30 June 2017 as the engagement has not been performed continuously throughout the period and the procedures performed on the documented measures and its meeting the requirements of the Class Order and the Act were undertaken on a test 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.

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

Auditor's opinion

In our opinion, in relation to the provision of MDA services (as defined in the Class Order) by the Operator:

- a) Perpetual Trustee Company Limited has complied, in all material respects, with the documented measures detailed in the attached Report dated 7 September 2017 during the financial year ended 30 June 2017; and
- b) those documented measures met the conditions of the Class Order and the Act relating to the provision of MDA services at all times during the financial year ended 30 June 2017.

Restriction on distribution and use

Our assurance report is intended solely for the Operator and the Australian Securities and Investments Commission and should not be distributed to or used by parties other than the Operator and the Australian Securities and Investments Commissions. We disclaim any assumption of responsibility for any reliance on our assurance report, or on the Report to which it relates, to any person other than the directors of the Operator and the Australian Securities and Investments Commission or for any other purpose than that for which it was prepared.

KPMG

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Sydney
7 September 2017