



Independent audit report by the auditor to the Board of Directors of Macquarie Investment Management Limited on internal controls and other relevant accounting procedures as they relate to the specified annual investor statements for the year ended 30 June 2016

Scope

We have audited the internal controls and other relevant accounting procedures of Macquarie Investment Management Limited (the Administrator), including those of its custodians, (the Administrator Custodians) and any other relevant person acting on behalf of the Administrator, relating to the preparation of annual investor statements given to the clients of Perpetual Private Investment Wrap (the clients) on behalf of Perpetual Trustee Company Limited (the Operator) for the year ended 30 June 2016. These internal controls and accounting procedures are hereafter referred to as "the internal controls". Our audit has been performed in order to express an opinion about the effectiveness of the internal controls in mitigating the risk of material misstatement in the clients' annual investor statements.

The directors and management of the Administrator are responsible for maintaining an effective internal control structure including the internal controls in relation to the preparation of annual investor statements of the clients, which comprise for each client a statement of the quantity and value of assets and liabilities held through the Administrator by the client as at 30 June 2016 and the corresponding revenue and expenses of the client for the year ended on that date.

The directors of the Administrator have determined that the accounting policies used and, including the basis of accounting, are appropriate to meet the requirements of Australian Securities & Investments Commission Class Order 13/763 "Investor directed portfolio services" (as amended). No opinion is expressed as to whether the specified basis of preparation is appropriate to the needs of the clients.

Our audit has been conducted in accordance with the Australian Standard on Assurance Engagements (ASAE) 3000 *Assurance Engagements other than Audits or Reviews of Historical Financial Information* and AUS 810 *Special Purpose Reports on the Effectiveness of Control Procedures* and other Australian Auditing Standards applicable to performance audits and accordingly included such tests and procedures as we considered necessary in the circumstances. These procedures included testing that the aggregates of assets, liabilities, revenue and expenses (other than assets and liabilities held by the Operator, its custodian (the "Operator Custodian") and any other appointed parties, and revenue and expenses accounted for by the Operator, the Operator Custodian and any other appointed parties) shown collectively in the annual investor statements were properly reconciled in all material respects by the Administrator as at 30 June 2016 to the corresponding amounts shown in reports prepared by the Administrator Custodians which have been independently audited.

These procedures have been undertaken to express an opinion whether:

- the Administrator maintained internal controls and other relevant accounting procedures in relation to the preparation of annual investor statements, including those of the Administrator

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Custodians and any other relevant person acting on behalf of the Administrator, that were suitably designed and operated effectively in all material respects to ensure that the annual investor statements for the year ended 30 June 2016 are or have been given to clients without material misstatements; and

- the aggregates of assets, liabilities (other than assets and liabilities held by the Operator, the Operator Custodian and any other appointed parties) held through the Administrator and shown in the clients' annual investor statements for the year ended 30 June 2016 have been properly reconciled in all material respects by the Administrator as at 30 June 2016 to the corresponding amounts shown in the reports prepared by the Administrator Custodians which have been independently audited.
- the aggregate of revenue and expenses (other than revenue and expenses administered by the Operator, the Operator Custodian and any other appointed parties) held through the Administrator as set out in Appendix A and shown in the clients' annual investor statements for the year ended 30 June 2016 have been properly reconciled in all material respects by the Administrator as at 30 June 2016. Revenue and expenses held through the Administrator is combined in the annual investor statements with revenue and expenses administered by the Operator, the Operator Custodian and other appointed parties. The schedule in Appendix A sets out the aggregate revenue and expenses held through the Administrator.

Any items included in the 'Other assets' category, and the 'Margin loan' category in the annual statements sent to clients are not included in the scope of our audit as they are not held through the Administrator. Any items included in the "Property syndicates" category are not included in the scope of our review as they are valued by Perpetual Trustee Company.

This report has been prepared to meet the requirements of Australian Securities & Investments Commission Class Order 13/763 "Investor directed portfolio services" (as amended). No responsibility will be accepted for any reliance on this report for any other purpose.

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 control procedures that we have audited operate, has not been audited and no opinion is expressed as to its effectiveness.

An audit is not designed to detect all weaknesses in control 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.

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



Audit opinion

In our opinion:

- the Administrator maintained internal controls and other relevant accounting procedures in relation to the preparation of annual investor statements, including those of the Administrator Custodians and any other relevant person acting on behalf of the Administrator, that were suitably designed and operated effectively, in all material respects, to ensure that the annual investor statements for the year ended 30 June 2016 are or have been given to clients without material misstatements; and
- the aggregates of assets, liabilities (other than assets and liabilities held by the Operator, Operator Custodian and any other appointed parties) held through the Administrator and shown in the clients' annual investor statements for the year ended 30 June 2016 have been properly reconciled in all material respects by the Administrator as at 30 June 2016 to the corresponding amounts shown in the reports prepared by the Administrator Custodians which have been independently audited; and
- the aggregate of revenue and expenses (other than revenue and expenses administered by the Operator, the Operator Custodian and any other appointed parties) held through the Administrator as set out in Appendix A and shown in the clients' annual investor statements for the year ended 30 June 2016 have been properly reconciled in all material respects by the Administrator as at 30 June 2016. Revenue and expenses held through the Administrator is combined in the annual investor statements with revenue and expenses administered by the Operator, the Operator Custodian and other appointed parties. The schedule in Appendix A sets out the aggregate revenue and expenses held through the Administrator.

Restriction on the distribution of this report

The annual investor statements have been prepared by the Administrator on behalf of those charged with governance of the Operator. As a result, the Investor Statements may not be suitable for another purpose. Our report is intended solely for the Administrator and those charged with governance of the Operator and their auditor and should not be distributed to any other parties or used for any other purpose other than that for which they are prepared.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers', written in a cursive style.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'CJ Cummins', written in a cursive style.

CJ Cummins
Partner

Sydney
27 September 2016



Appendix A – Aggregate revenue and expenses held through the Administrator for the year ended June 30, 2016

Income stream	Per Macquarie Systems			Per investor statements	Difference
	Revenue and expenses held through the Administrator \$	Revenue and expenses held through the Operator \$	Total \$	\$	\$
Interest	\$9,176,638.48	\$606,772.87	\$9,783,411.35	\$9,781,111.35	\$2,300.00
Dividends & distributions*	\$441,838,106.97	\$30,233,063.92	\$472,071,170.89	\$472,071,170.89	\$0.00
Rent	\$0.00	\$6,373,018.36	\$6,373,018.36	\$6,368,340.91	\$4,677.45
Other income	\$0.00	\$6,082,960.23	\$6,082,960.23	\$6,082,960.23	\$0.00
Fees paid for administration	-\$57,783,262.74	\$0.00	-\$57,783,262.74	-\$57,783,262.74	\$0.00
Fees paid for advice	-\$23,239,905.76	\$0.00	-\$23,239,905.76	-\$23,239,905.76	\$0.00
Other fees and charges	\$0.00	-\$9,527,191.05	-\$9,527,191.05	-\$9,527,191.05	\$0.00
Government charges	-\$251,468.80	\$0.00	-\$251,468.80	-\$251,468.80	\$0.00