



# Independent Reasonable Assurance Report

To the Board of Directors of Australian Executor Trustees Limited

## Opinion

We have undertaken a reasonable assurance engagement on the internal controls and other relevant accounting procedures relating to the preparation of Annual Investor Statements (the **Internal Controls**) of Australian Executor Trustees Limited (the **Operator**) to the extent that they relate to the wholesale managed funds held through the Australian Executors Trustees Wholesale Access Fund identified by the letter ("W") on the annual investor statements given to the clients of Australian Executor Trustees Limited Portfolio Management Service, Personal Portfolio Service, AET Self-managed Super Fund Service, and Wholesale Access Fund (the **Clients**).

In our opinion, the Australian Executor Trustees Limited:

- has established and maintained internal controls and other relevant accounting procedures including those internal controls at its custodian and any other relevant person acting on behalf of the Operator. The Internal Controls are in relation to the preparation and presentation of the Annual Investor Statements, to the extent that they relate to the wholesale managed funds held through the Australian Executors Trustees Wholesale Access Fund identified by the letter ("W") on the annual investor statements, for the year ended 30 June 2019 (the Investor Statements) given to the clients, given to the clients of Australian Executor Trustees Limited Portfolio Management Service, Personal Portfolio Service, AET Self-managed Super Fund Service, and Wholesale Access Fund. The Internal Controls were suitably designed and operated effectively, in all material respects, to provide reasonable but not absolute assurance that the Investor Statements are not materially misstated and are presented in accordance with the specified basis of preparation; and
- has in all material respects,
  - reconciled the aggregate of assets (other than assets held by a client) and liabilities as at 30 June 2019; and
  - reconciled the revenue and expenses for the year ended 30 June 2019.

as shown in the Clients' Investor Statements, to the extent that they relate to the wholesale managed funds held through the Australian Executors Trustees Wholesale Access Fund identified by the letter ("W") on the annual investor statements, to the corresponding amounts shown in reports prepared by the custodian which have been subject to audit / review procedures.

The Internal Controls are set out in the Australian Executor Trustees Wholesale Access Fund Compliance Plan dated October 2018 (the **Report**) as prepared by the Operator to meet the requirements of the Class Order.

The specified basis of preparation are in relation to the accounting policies used and described in Investor Letter (entitled Portfolio Management Service annual statements and Wholesale Access Fund annual statements and reports, AET Self-managed superannuation fund annual statements and Wholesale Access Fund reports, Personal Portfolio Service annual statements and Wholesale Access Fund Reports, and Wholesale Access Fund annual statements and reports), including the basis of accounting.

The Investor Statements comprise for each Client:

- a statement of the quantity and value of assets and liabilities held in the by the Client; and
- the corresponding revenue and expenses of the Client.

## Use of this Assurance Report

This report has been prepared for the Directors of the Operator, the Clients and the Australian Securities and Investments Commission. This report is prepared for the Operator to comply with the requirements in the *Australian Securities and Investments Commission Class Order 13/763 Investor Directed Portfolio Services* (the **Class Order**) and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Directors of the Operator, the Clients and the Australian Securities and Investments Commission, or for any other purpose than that for which it was prepared. Our opinion is not modified in respect of this matter.

## Managements' responsibility for the Internal Controls

Management of the Operator are responsible for:

- preparing the Australian Executor Trustees Wholesale Access Fund Compliance Plan;
- establishing and maintaining an effective internal control structure, including the internal controls in relation to the preparation of Investor Statements given to the Clients
- designing, implementing and operating the Internal Controls throughout the period ended 30 June 2019
- identifying the risks that threaten achievement of compliance with the Class Order; and
- the presentation and preparation of the Investor Statements for the year ended 30 June 2019 of the Clients in accordance with the specified basis of preparation that comply with the requirements of the Class Order.

The Directors of the Operator are responsible for:

- preparing the Directors' Declaration on the Directors' assertions about:
  - the design and operating effectiveness of the internal controls; and
  - other relevant accounting procedures in relation to the accounting and reporting of assets, liabilities, revenue and expenses included in the Investor Statements
- determining the accounting policies used as described in the specified basis of preparation, including the basis of accounting that:
  - complies with the requirements of the Class Order; and
  - meets the needs of the Clients.

## Our responsibility

We conducted our reasonable assurance engagement in accordance with Australian Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3150 *Assurance Engagements on Controls*. We believe that the reasonable assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. We express no opinion as to whether the specified basis of preparation is appropriate to the needs of the Clients.

In accordance with ASAE 3000 and ASAE 3150 we have:

- used our professional judgement to plan our procedures and assess the risk of:
  - material deficiencies in the suitability of the design of Internal Controls to meet the reporting requirements as set out in the Class Order; and
  - deviations in the operating effectiveness of Internal Controls as designed;
- ensured that the engagement team possess the appropriate knowledge, skills and professional competencies;
- evaluated the suitability of the control objectives;



- tested the design of the controls to achieve the control objectives;
- tested the operating effectiveness of the controls that we consider necessary to achieve the control objectives; and
- tested the aggregates of assets (other than assets held by a Client), liabilities, revenue and expenses shown collectively in the Investor Statements were properly reconciled by the Operator as at 30 June 2019 to the corresponding amounts shown in reports prepared by the custodian(s) which have been independently audited.

Reasonable assurance is a high level of assurance, but is not a guarantee that it will always detect a material misstatement when it exists.

Material misstatements or deviations in controls may relate to:

- deficiencies in the suitability of the design of Internal Controls including missing controls to meet the reporting requirements in the Class Order; and
- deviations in the operating effectiveness of controls as designed.

Misstatements or deviations are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the Directors of the Operator, the Clients and the Australian Securities and Investments Commission in relation to the Internal Controls.

### Independence and quality control

We have complied with our independence and other relevant ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Accounting Professional and Ethical Standards Board.

We have also complied with the applicable requirements of Australian Standard on Quality Control 1 to maintain a comprehensive system of quality control.

### Limitations of controls

Even if the controls are suitably designed and operating effectively, the Internal Controls may not meet the reporting requirements in the Class Order so that fraud, error or non-compliance with laws and regulations may occur and not be detected because of the inherent limitations of any internal control structure. Further, the internal control structure, within which the Internal Controls we have assured are designed to operate, has not been assured and no conclusion is expressed as to its design or operating effectiveness.

Any projection of the evaluation of control procedures to future periods is also subject to the risk that they may become inadequate in the future because of changes in conditions, or that the degree of compliance with Class Order may deteriorate.

A reasonable assurance engagement on the operating effectiveness of controls is not designed to detect all instances of controls operating ineffectively as it is not performed continuously throughout the period and the tests performed are on a sample basis.

KPMG

Rachel Milum

Partner

25 September 2019

Melbourne