

## **Independent Assurance Practitioner's Reasonable Assurance Report to the Directors of Morgan Stanley Wealth Management Australia Pty Ltd**

We have been engaged to conduct a reasonable assurance engagement relating to the internal controls and other relevant accounting procedures of Morgan Stanley Wealth Management Australia Pty Ltd ("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 the Discretionary Management Service program (the "Service") who have investments in unit trusts and/or managed funds ("the clients") for the period ended 30 June 2021. These internal controls and accounting procedures are hereafter referred to as "the internal controls".

### *The Directors' Responsibility for the Internal Controls*

The Directors of the Operator are responsible for establishing and maintaining an effective internal control structure including the internal controls in relation to the preparation of the annual investor statements and the quarterly reports of the clients, which comprise, for each client, a statement of the quantity and value of assets and liabilities held through the Service by the client as at 30 June 2021 and the corresponding revenue and expenses of the client for the year/quarter ended on that date to ensure that it operates in accordance with the Australian Securities & Investments Commission Corporations (Managed Discretionary Accounts) Instrument 2016/968 (the "Instrument").

### *Assurance Practitioner's Independence and Quality Control*

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Auditing Standard ASQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### *Auditor's Responsibility*

Our responsibility is to express a reasonable assurance conclusion on the internal controls based on the procedures we have performed and the evidence we have obtained. 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*, issued by the Australian Auditing and Assurance Standards Board in order to express a conclusion whether, in all material respects:

- the Operator maintained internal controls and other relevant accounting procedures in relation to the preparation of annual investor statements and quarterly reports, including those over any other relevant person acting on behalf of the Operator, that were suitably designed and operated effectively to ensure that the annual investor statements and the quarterly reports for the period ended 30 June 2021 are or have been given to clients without material misstatements; and



- the aggregates of assets (other than assets held by a client), liabilities, revenue and expenses shown in the clients' annual investor statements and quarterly reports for the period ended 30 June 2021 have been properly reconciled by the Operator as at 30 June 2021 or quarter ended during that year to the corresponding amounts shown in reports prepared by the holder of any client's portfolio assets (or if the holder is the client, by the Operator) which have been independently audited.

That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether, in all material respects, the internal controls are suitably designed and operated effectively throughout the period.

A reasonable assurance engagement in accordance with ASAE 3000 involves performing procedures to obtain evidence about the internal controls. The nature, timing and extent of procedures selected depend on the assurance practitioner's professional judgement, including the assessment of the risks that the internal controls are not suitably designed or did not operate effectively throughout the period. Our procedures included such tests and procedures as we considered necessary in the circumstances to obtain evidence about the design and operation of internal controls as they relate to the preparation of the annual investor statements. 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.

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

#### *Inherent Limitations*

Because of the inherent limitations of an assurance engagement, together with the inherent limitations of any internal control structure, it is possible that fraud, error or non-compliance may occur and not be detected. A reasonable assurance engagement 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 conclusion expressed in this report has been formed on the above basis.

#### *Opinion*

In our opinion, in all material respects:

- the Operator maintained internal controls and other relevant accounting procedures in relation to the preparation of annual investor statements and quarterly reports, including those over any other relevant person acting on behalf of the Operator, that were suitably designed and operated effectively to ensure that the annual investor statements and the quarterly reports for the period ended 30 June 2021 are or have been given to clients without material misstatements; and
- the aggregates of assets (other than assets held by a client), liabilities, revenue and expenses shown in the clients' annual investor statements and quarterly reports for the period ended 30 June 2021 have been properly reconciled by the Operator as at 30 June 2021 or quarter ended during that year to the corresponding amounts shown in the reports prepared by the holder of any client's portfolio assets (or if the holder is the client, by the Operator) which have been independently audited.



*Basis of Preparation*

Without modifying our conclusion, we draw attention to "The Directors' Responsibility for the Internal Controls" paragraph above which states that the Operator is responsible for ensuring it operates in accordance with the Instrument. This report has been prepared to assist Morgan Stanley Wealth Management Australia Pty Ltd in meeting their obligations under the Instrument. As a result this report may not be suitable for another purpose.

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU

*R. Jones*

Rebecca Jones

Partner

Chartered Accountants

Sydney, 30 September 2021