GS 007 Report
August 2020

XPLORE
WEALTH

Contents

Introduction

This report has been prepared by Xplore Wealth Limited and its administration services company Margaret Street Administration Services Pty Ltd ("MSAS") or ("Xplore"). MSAS is a wholly owned subsidiary of Xplore Wealth Limited and provides administration services to Platform Investors. Xplore does not act as a Trustee or Responsible Entity for any of the Platforms it provides services to.

The report is prepared for investors to whom Xplore provides services as follows (together referred to in this report as "**Investors**"):

1. "**Platform Investors**": means investors and members of the following investment platforms:
   a. Xplore Managed Account ("**XMA"**) ARSN 128 111 857;
   b. Xplore Wrap (formerly Federation Managed Accounts) ("**XWA"**); ARSN 163 784 432; and
   c. BT Global Investment Service ("**GISPN**").
2. "**Broker Investors**": means full service stockbroking investors to whom Xplore provides Portfolio Administration Services ("**PAS**").

Purpose of this report

This report provides Investors with information regarding the control environment of the reporting and processing systems of the Xplore business.

Whilst the Xplore business performs a number of functions there are other services that do not form part of the scope of this report. Please refer to Appendix A – GS007 Mapping (at paragraph (ii)) for control exclusions.

Platform Investors

Xplore utilises its proprietary administration and technology system (hereinafter referred to as the "**Portal"**) to provide services to Platform Investors.

The XMA and XWA are registered managed investment schemes as defined by the Corporations Act and ASIC Policy. GISPN is a wholesale administration service provided to wholesale clients of the BT Financial Group. Via the Portal, Platform Investors and their advisers' access a variety of investment options, administration services and reports in accordance with the disclosure documentation for each product. The offer documentation will also specify the investment options available to investors which may include:

- ASX Equities
- International Equities
- Fixed Interest Products
- Model Portfolios
- Managed Funds
- Exchange Traded Options
- Dynamic Trading Strategies
- Cash and Term Deposits

The Platforms are generally not available directly to retail investors unless they receive personal advice from a financial adviser under an Australian Financial Services Licence **("AFSL")** with the appropriate conditions. Financial advisers include stockbrokers, wealth managers, financial planners, accounting firms and other types of financial institutions. Where a Platform is offered to retail clients, the AFSL holder must enter into a distribution agreement with the issuer of each financial product to authorise them to distribute or offer documents in respect of the platform. Offer documents may be 'white labelled' by adviser groups to enable bespoke investment options.

How do the Platforms work?

1. Applicants read relevant offering documentation including Product Disclosure Statement ("PDS"), Information Memorandum and the Investment Guide.
2. An online application is made with the assistance of the applicant's financial adviser.
3. Applicants provide application money by direct deposit, cheque, transferring CHESS eligible Australian securities or by transferring other investments.
4. Once their application is accepted, in conjunction with their financial adviser, Platform Investors choose investments from the Investment Menu in line with their risk and return objectives. The Platform Investor provides an investment instruction to purchase investments, this can be done via the Portal or Authorised Broker.
5. Xplore, through external custodians appointed to the product (JPMorgan Chase Bank, N.A and Sandhurst Trustees Limited), arranges investments as directed by the Platform Investor. Investments can be said to be 'indirect investments' as the relevant custodian, and not the Platform Investor, holds title to the investments and has the rights of an investor in those investments. The nature of the constitution of XMA/XWA is unlike other managed investment schemes (which are often structured as unit trusts) whereby the investor at all times, retains beneficial ownership of, and absolute entitlement to the underlying investments. The GISPN product similarly provides a transparent look through for investors where they hold absolute and beneficial entitlement to assets held by the custodian

6. On a day-to-day basis, Xplore administers each Platform Investor's account in accordance with investment instructions received through the Portal. Xplore provides regular online reports, liaising with investment managers and the Platform Investor's representative/adviser.

7. Platform Investors may make additional contributions to their accounts following initial investment at any time (ad-hoc or irregular). Platform Investors are also able to contribute regularly via a direct debit to a nominated bank account on a monthly basis, via the Portal ("Regular Contribution Plan"), or by arranging a direct credit to a specific financial institution ("Your Own Savings Plan").

8. Platform Investors may request to withdraw any amount of cash and may provide instructions to make an in-specie transfer of assets out of their account. This can be done by providing instructions through the Portal. Election can also be made by Platform Investors to receive a regular payment from their Account.

9. Ongoing management fees payable to the relevant responsible entity or trustee are charged in respect of each account. Depending on investments selected, there are also fees and costs associated with underlying investments or strategies chosen through the Portal. MSAS arranges these payments for responsible entity, trustee or as the administrator.

10. The Platform Investor, and their adviser/representative, can review performance of their investments in line with changing circumstances of the Platform Investor. Changes to Platform Investor's investments can be made by the Platform Investor at any time by providing investment instructions.

11. The Platform Investor and their adviser can review various reports using the Portal provided by Xplore. Comprehensive reporting via the Portal allows confidential and real-time reporting on investments held, performance, transactions, capital, and income, expense and tax information required for tax return preparation.

Broker Investors – PAS and mailbox services

Broker Investors are provided with a range of investment services by an advisor, including:

- Comprehensive asset and investment management advisory
- Execution and transaction services
- Reporting
- Administration

Xplore acts as administrator of the Broker Investors pursuant to an appointment by the broker group under a contract to provide administration services. This is known in the industry as a "PAS/Mailbox service".

Broker advisers action investors' instructions relating to the investments and, as administrator, Xplore provides administration services and reports on investments held by Broker Investors. For example, as part of this service, Xplore collects all mail on behalf of Investors, and liaises with advisers in respect of any instructions from the Broker Investor.

Xplore does not provide any custody services to Broker Investors, all cash and investments are held directly in the name of the relevant investor, rather than via a custodian.

Internal control objectives and related controls

The Xplore Group defines control objectives for Platform Investors and Broker Investors and designs and implements the related controls.

The controls have been in place throughout the period from 1 July 2019 to 30 June 2020 (or during a lesser period where specified). See the "*Table of control objectives, related controls and operating effectiveness*" on pages 16 to 62 of this report.

Considerations of Investors

Controls and control objectives detailed in this report refer to services provided by Xplore applicable to Platform Investors and Broker Investors.

However, all Investors should also ensure they have effective controls in place within their operations.

Listed below are the minimum or key control activities that Xplore believes each Investor should consider for its own operations. In order to place reliance on Xplore's controls referred to in this report, each Investor should evaluate the Investor's own controls to determine if they have the controls in place outlined below.

Control 1: Instructions provided by Investors are properly completed in a timely manner, with erroneous or incomplete instructions detected, corrected and resubmitted.

Control 2: Records of transactions and interactions with Xplore are maintained by Investors and confirmed against information, statements, notifications, advice and reports provided by Xplore, with any differences investigated and reported to Xplore in a timely manner.

Control 3: Instructions and information provided to Xplore are in accordance with any other governing documents.

Control 4: Investors check and confirm the accuracy of the market prices as provided by Xplore including source prices for unlisted assets (if applicable).

Inherent limitations

Internal controls, no matter how well designed and operated, can provide only reasonable, not absolute, assurance to management and Investors regarding achievement of an entity's objectives. The likelihood of achievement is affected by the limitations inherent in all internal control systems.

These include:

- The possibility that human error may occur and judgment in decision making can be faulty;
- Consideration of costs and benefits when establishing internal controls; and
- Despite effective internal controls being implemented and monitored, collusion between parties could circumvent these controls.

Response to Covid 19

From March 2020, Xplore Wealth implemented a number of steps in response to the Covid 19 outbreak in order to protect our staff, clients and our suppliers. A key change was to close each of our offices and implement a working from home policy for all staff. This was trialled for three weeks before being fully implemented.

All controls referenced in this document were maintained throughout the year despite these new arrangements, albeit some minor modifications were implemented such as allowing for digital signature / approval rather than physical signature. Additional steps were also implemented in relation to data security, especially where employees were using their own computers to access Xplore's systems.

No business interuptions were experienced as a result of the Covid 19 situation and all services have operated as outlined in this document over the year.

Use of report

This report is confidential and is intended solely for the use of Xplore, Platform Investors and Broker Investors and their independent auditors and accountants. In addition, the report may be used by the Australian Securities and Investment Commission (ASIC), Australian Prudential Regulation Authority (APRA) and prospective users of services from Xplore after approval by the auditor engaged by Xplore, Grant Thornton (GT), together with other persons authorised by GT.

The assurance report issued by GT is applicable to Xplore, Platform Investors and Broker Investors, their independent auditors and accountants, and persons authorised by GT.

Management Statement made by Margaret Street Administration Services Pty Ltd

The accompanying description has been prepared for Platform Investors and Broker Investors and their auditors/accountants, along with other information including information about controls operated by Investors themselves, when assessing the risk of material misstatements of financial reports. Xplore confirms that:

(a) The description contained on pages 10 to 14 fairly presents Xplore's systems for processing Platform Investors' and Broker Investors' transactions throughout the period 1 July 2019 to 30 June 2020.

(b) the report describes how the systems were designed and implemented, including:

- Types of services provided, including, as appropriate, classes of transactions processed.
- Procedures, within both information technology and manual systems, by which those transactions were initiated, recorded, processed, settled, corrected as necessary and transferred to reports prepared for Investors.
- Related accounting records, supporting information and specific accounts that were used to initiate, record, process and report transactions, including correction of inaccurate information and how information was transferred to reports prepared for Investors.
- How the system dealt with significant events and conditions, other than transactions.
- The process used to prepare reports for Investors.
- Relevant control objectives and controls designed to achieve those objectives, including control objectives provided in Guidance Statement 007 Audit Implications of the Use of Service Organisations for Investment Management Services, except for control objectives which have been excluded for Platform Investors and Broker Investors for the reasons set out in **Appendix A** (at paragraph (ii) for control exclusions).
- Controls Xplore assumed, in the design of the system, would be implemented by Platform Investors and Broker Investors and advisers where applicable, and which, if necessary to achieve control objectives stated in the description at pages 10 to 14 , are identified in that description, along

with specific control objectives that cannot be achieved by Xplore alone.

- Other aspects of our control environment, risk assessment process, information system (including related business processes) and communication, control activities and monitoring controls that were relevant to processing and reporting Investor transactions.

(c) Includes details of relevant system changes during the period 1 July 2019 to 30 June 2020.

(d) Does not omit or distort information relevant to the scope of the system being described, while acknowledging that the description is prepared to meet common needs of a broad range of Investors and their auditors and may not, therefore, include every aspect of the system that each individual Investor may consider important in its own particular environment.

(e) The controls related to control objectives stated in the accompanying description were suitably designed and operated effectively throughout the period 1 July 2019 to 30 June 2020. Criteria used in making this statement were that:

- Risks that threatened achievement of control objectives stated in the description were identified;
- Identified controls would, if operated as described, provide reasonable assurance that those risks did not prevent stated control objectives from being achieved; and
- Controls were consistently applied as designed, including that manual controls were applied by individuals who have appropriate competence and authority, throughout the period 1 July 2019 to 30 June 2020.

Bruce Hawkins

Chief Financial & Operating Officer
Margaret Street Administration Services Pty Ltd
Date: 10 August 2020

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Independent Service Auditor's Assurance Report on the Description of Controls over Asset Management, Investment Administration and Registry, their Design and Operating Effectiveness

To: Directors of Margaret Street Administration Services Pty Limited

Scope

We have been engaged to report on Margaret Street Administration Services Pty Limited's (the Company) description at pages 10-14 of its Asset Management, Investment Administration and Registry (collectively the "Investment Management Services") system provided to Margaret Street Administration Services Pty Limited's clients throughout the year 1 July 2019 to 30 June 2020, and on the design and operations of those controls related to the control objectives stated in the description.

Director's responsibility

The directors of the Company are responsible for: preparing the description and accompanying assertion at pages 5-6, including the completeness, accuracy and method of presentation of the description and assertion; providing the services covered by the description; stating the control objectives, including relevant controls objectives for the services as outlined in AUASB Guidance Statement GS 007 *Audit Implications of the Use of Service Organisations for Investment Management Services*, and designing, implementing and effectively operating controls to achieve the stated control objectives.

Our Independence and Quality Control

We have complied with relevant ethical requirements related 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.

Service's Auditor's responsibility

Our responsibility is to express an opinion on the Company's description and on the design and operation of controls related to the control objectives stated in that description based on our procedures. We conducted our engagement in accordance with Standard on Assurance Engagements ASAE 3402 *Assurance Reports on Controls at a Service Organisation* and with reference to Guidance Statement GS 007 *Audit Implications of the Use of Service Organisations for Investment Management Services*. ASAE 3402 requires that we comply with relevant ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether, in all material respects, the description is fairly presented and the controls are suitably designed and operating effectively.

An assurance engagement to report on the description, design and operating effectiveness of controls at a service organisation involves performing procedures to obtain evidence about the disclosures in the service organisation's description of its system, and the design and operating effectiveness of controls. The procedures selected depend on our judgement, including the assessment of the risks that the description is not fairly presented, and that controls are not suitably designed or operating effectively. Our procedures included testing the operating effectiveness of those controls that we consider necessary to provide reasonable assurance that the control objectives stated in the description were achieved. An assurance engagement of this type also includes evaluating the overall presentation of the description, the suitability of the objectives stated therein, and the suitability of the criteria specified by the service organisation and described at pages 10-14. In evaluating the suitability of the objectives stated in the description, we have determined whether each of the minimum control objectives provided in GS 007 for services is included, or, if any of the minimum objectives are omitted or amended, that the reason for the omission or amendment is adequately disclosed in the description.

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

Limitations of Controls at a Service Organisation

The Company's description is prepared to meet the common needs of a broad range of clients and their auditors and may not, therefore, include every aspect of the system that each individual client may consider important in its own particular environment. Also, because of their nature, controls at a service organisation may not prevent or detect all errors or omissions in processing or reporting transactions. Also, the projection of any evaluation of effectiveness to future periods is subject to the risk that controls at a service organisation may become inadequate or fail.

Opinion

Our opinion has been formed on the basis of the matters outlined in this report. The criteria we used in forming our opinion are those described at page 10-14. In our opinion, in all material respects:

(a) the description fairly presents the asset management, investment administration and registry system as designed and implemented throughout the year from 1 July 2019 to 30 June 2020;

(b) the controls related to the control objectives stated in the description were suitably designed throughout the year from 1 July 2019 to 30 June 2020; and

(c) the controls tested, which were those necessary to provide reasonable assurance that the control objectives stated in the description were achieved, operated effectively throughout the year from 1 July 2019 to 30 June 2020.

Description of Tests of Controls

The specific controls tested and the nature, timing and results of those tests are listed on pages 15 to 72.

Intended Users and Purpose

This report and the description of tests of controls on pages 15-72 are intended only for clients who have used the Company's Asset Management, Investment Administration and Registry, and their auditors, who have a sufficient understanding to consider it, along with other information including information about controls operated by clients themselves, when assessing the risks of material misstatements of clients' financial reports/statements.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

G S Layland
Director - Audit & Assurance

Sydney, 10 August 2020

Description of control environment of the Xplore Group

Xplore supports a strong culture of ethical integrity and compliance.

Integrity and ethical values

Xplore prides itself on being an organisation that upholds the highest integrity and values in all facets of the business. Prospective employees are subject to a stringent pre-employment screening process, ensuring that candidates have the necessary skills, experience and integrity.

Operational staff and representatives operate under continuous supervision of the Executive Committee, including the Chief Executive Officer, the Chief Financial & Operating Officer, Chief Risk Officer, Head of Distribution & Marketing, Head of Product, Head of People & Culture and Head of Information Technology. All staff undergo ongoing training and professional development to ensure that they have the necessary skills and knowledge to execute their responsibilities.

Board of directors

The composition of the board of directors of Xplore has been structured to add value in strategic planning and to promote good corporate governance. The board is currently comprised of four directors, three of which are independent directors.

Commitment to compliance

Xplore has a strong commitment to compliance with all laws under which it operations including but not limited to Corporations law, Privacy law, financial services and superannuation laws. Xplore aims to embed this in its day-to-day operations combined with a series of checks and balances to monitor compliance.

Management philosophy and operating style

Xplore management take all reasonable steps to ensure that the individuals for whom they are responsible for are aware of and uphold the integrity and values promoted within Xplore. These include:

- Consistently demonstrating exemplary behaviour
- Undertaking activities to aid a culture in which employees understand their responsibilities, understand their rights surrounding raising concerns and are ultimately supported and encouraged to work to the best of their ability
- Maintaining accessibility of organisational policies, procedures and other business requirements
- Responding promptly and seriously to employees' legitimate concerns and queries regarding business issues and seeking further assistance where required
- Establishing internal processes addressing business risk areas and ensuring that potential and actual breaches are investigated and recorded appropriately where required
- Ensuring all business conduct breaches are reported to the relevant human resources and/or compliance manager for accurate record keeping and actioning
- Following or recommending appropriate actions in addressing business conduct issues.

Assignment of authority and responsibility

Assignment and authority of responsibility within the organisation is at the discretion of the Chief Executive Officer (CEO).

Human resource policies and practices

Xplore employees must adhere to principles and requirements contained in Xplore's organisational policies and procedures. Employees must take reasonable steps to ensure that all individuals or groups that conduct business on behalf of Xplore, including contractors, agents, consultants and other business partners do likewise.

Xplore policies and procedures are reviewed and updated regularly or as often as required. Employees are required to have an in-depth understanding of Xplore's policies, procedures and other company requirements that apply to the organisation and more specifically their position held, and appropriately notified upon issue of a newly created or amended organisational policy or procedure.

Description of services provided

This report details operational controls within Xplore relating to the Asset Management, Investment Administration, Registry and Information Technology services. In particular, this report details how those controls operate in respect of the services to Platform Investors and Broker Investors and is prepared for the use of Investors, their independent auditors, Grant Thornton and other persons authorised by Xplore.

The information in this report is prepared in accordance with Guidance Statement GS 007 and ASAE 3402 Assurance Reports on Controls at Service Organisations. This report is applicable to the full financial year ended 30 June 2020.

In the remainder of this section, please see the note on 'applicability' prior to the description of the service provided by Xplore as some services do not apply to certain Investors.

A: Custody

Definition
"Custody" is performance of the following functions on behalf of user entities:

- Maintaining custody of assets and records of assets held for user entities (such assets may exist in physical form or electronic form).
- Collecting income and distributing such income to user entities.
- Receiving notification of corporate events and reflecting such events in records of user entities.
- Receiving notification of asset purchase and sale transactions on behalf of user entities for which the custodian is holding assets, and reflecting such transactions in the records of user entities.
- Receiving payment from purchasers and distributing proceeds to sellers for asset purchase and sale transactions.

Applicability: Platform Investors

Custodian – JPMorgan Chase Bank, N.A.

The responsible entity of the XMA, XWA and the Trustees of GISPN, previously appointed JPMorgan Chase Bank, N.A. (JPMorgan) to perform the functions defined as "Custody" for XMA, XWA and GISPN. The GS007 control objectives relating to the service of "Custody" have, therefore, been excluded from this report.

JPMorgan's appointment to hold the assets is pursuant to a custody agreement. JP Morgan is only authorised to deal with the assets as instructed and may only act in accordance with the terms of the respective custodian agreement.

JPMorgan has no liability (including for negligence or breach of trust) or responsibility to Platform Investors for any act or omission in accordance with proper instructions or otherwise, in accordance with the terms of the custodian agreement. Under the custodian agreement JPMorgan may appoint a sub-custodian to hold all or some of the assets with the responsible entity's or trustee's consent. The custodian agreement may be terminated by either party issuing a termination notice in accordance with the custodian agreement.

Custodian – Sandhurst (XMA)

The responsible entity of the XMA previously appointed Sandhurst as external custodian to hold the assets of the respective schemes. During the period, Sandhurst continued to hold term deposits on behalf of the scheme. The GS007 control objectives relating to the service of "Custody" have, therefore, been excluded from this report.

Sandhurst's appointment to hold the assets is pursuant to a custody agreement. JP Morgan is only authorised to deal with the assets as instructed and may only act in accordance with the terms of the respective custodian agreement.

B: Asset Management

Definition:
"Asset management" is the investment of money on behalf of clients and involves performance of the following functions:

- Initiating and executing purchase and sale transactions, either by specific direction from the client or under discretionary authority granted by the client.
- Determining whether transactions comply with guidelines and restrictions.
- Reconciling records of security transactions and portfolio holdings, for each client, to statements received from the custodian.
- Reporting to the client on portfolio performance and activities.

Assets may be managed in accordance with specific client directions, under a discretionary mandate agreed by the client or through a unitised fund, with the investment strategy mandated in an offer document or client agreement. These control objectives are relevant to service organisations providing mandate business, where the investors (user entities) are required to prepare audited financial reports. The objectives are also relevant to service organisations providing asset management services to unitised funds (user entities) but do not include objectives for controls within unitised funds themselves.

Applicability: Platform Investors, Broker Investors

Platform Investors

Xplore provides asset management services for Platform Investors, who can discretionally select any "Self-directed Investments" and "Model Portfolios" from the investment menu.

Self-directed Investments provide flexibility for Investors to build and operate an individualised portfolio. Xplore only trades self-directed investments following receipt of investment instructions from the Platform Investor or the Platform Investor's adviser/representative through the Portal or, in limited cases, by email, i.e., the 'asset management' service is carried out following Platform Investor instructions. Reports to Platform Investors on their Self-directed Investments and other investments are provided on a consolidated basis and accessible via the Portal.

Model Portfolios provide access to professional investment managers who manage the relevant portion of Platform Investors' assets in line with a specified mandate. The mandate for each model portfolio describes the Model Portfolio's investment strategy, objectives and investment allocation. Details of the mandate for each Model Portfolio are set out in the investment menu and the Platform Investor must give Xplore specific instructions to invest in one or more Model Portfolios.

By investing in one or more Model Portfolios, the portion of a Platform Investors portfolio invested in a Model Portfolio is subject to ongoing monitoring and re-balancing as Xplore arranges for securities and other investments to be purchased or disposed of based on the Model Portfolio investment manager's instructions, i.e., the 'asset management' service is carried out following investment manager instructions.

Broker Investors

Xplore provides limited asset management services to Broker Investors. Broker Investors make investments to create individualised portfolios with advice from their advisers. The adviser arranges investment transactions for the Broker Investor upon receiving instructions from the Broker Investor. Xplore does not complete any investment transactions on behalf of the Investor.

Xplore's role in asset management includes reporting on adviser-directed investments to Broker Investors and their advisers via the Portal. The Portal receives daily data feeds from external providers, containing investment data. The data uploaded onto the Portal is available for viewing from the adviser log in.

D: Investment Administration

- Definition:

"Investment Administration" is performance of the following:

- Maintaining records of securities, cash, and other portfolio assets and liabilities based on information received from the Trustee/Responsible Entity, investment manager, registrar, custodian and others (as applicable).
- Valuation of portfolio assets and liabilities, determining net asset values and reporting thereof.
- Periodic reporting of performance and investment compliance to the Trustee/Responsible Entity, investment manager, and others (as applicable).
- Periodic financial reporting.

Unit pricing and crediting rate calculations are investment administration functions for which control objectives include accurate calculation of daily or periodic unit prices or crediting rates. Control objectives relevant to unit pricing, distributions and credit rate calculations have not been listed below, because it is not ordinarily necessary to meet these objectives in obtaining assurance over effectiveness of controls for investment administration provided by a service organisation for the purpose of the audit of user entities' financial reports.

Applicability: Platform Investors, Broker Investors

Platform Investors

Xplore provides investment administration services in respect of the XMA, XWA and GISPN. Xplore facilitates access to account information that can be viewed at any time by Platform Investors and their advisers via the secure Portal. The Portal allows Platform Investors to view their investment details, monitor investment performance and access a wide range of consolidated reports relating to valuation, performance analysis, asset allocation and taxation, as well as all fees, charges and taxes on an itemised basis, providing a clear understanding of the total costs of investing. Additionally, reporting includes a set of annual audited tax reports for each Platform Investor on the XMA, XWA or GISPN. The information displayed is updated overnight with the previous business day activities except for some International Markets that are processed with one days delay.

Investments of Platform Investors are held by a third party custodian, removing many administrative burdens associated with direct ownership. In particular, Investors will not receive direct communication from registries, responsible entities of managed fund investments, or companies including annual reports, dividend payments, CHESS Statements and contract notes. Xplore receives and processes these on behalf of Platform Investors and then reports on how such communications were processed. Additionally, Platform Investors' privacy is protected as their name does not appear on public registers.

Broker Investors

Xplore provides investment administration services to Broker Investors. This includes reporting on account information, which can be accessed at any time by the Broker Investors and their advisers via the secure Portal.

The Portal allows Broker Investors and their advisers to view investment portfolio details, monitor investment performance and access a wide range of consolidated reports relating to valuation, performance analysis, asset allocation and taxation, as well as all fees, charges and taxes relating to their account on an itemised basis, providing a clear understanding of the total costs of investing.

Reporting includes a set of annual reports for each Broker Investor. Information displayed via data feed is available the next business day, for data accurate as at close of the previous business day. Investments are held directly by the Broker Investor. The Broker Investor receives direct communication from registries, responsible entities or companies including annual reports, dividend payments, CHESS Statements and contract notes through the Xplore PAS Mailbox service. These communications are then made available by Xplore to the Broker Investor via their adviser, who can review them through the Portal and liaise with the Broker Investor on their specific circumstances.

F: Registry

Definition:
"Registry" is the performance of the following functions:

- Maintaining records of the name and address of each shareholder or unit-holder investing in the clients/issuer, the amount of shares or units in the client owned by each share/unit-holder, any reference corresponding to a share/unit holder's position, the issue date of the share/unit, and the cancellation date of the share/unit (if applicable).
- Recording the amount of shares/units purchased, redeemed, switched, transferred or reinvested by a shareholder or unit-holder on the issuer's books upon receipt of a validated request. Recording changes to share/unit holdings as a consequence of a corporate action upon receipt of validated instruction.
- Monitoring the issuance of shares/units in an issue to prevent the unauthorised issuance of shares/units.
- Ensuring that any issuance of shares/units will not cause the authorised number of shares/units in an issue to be exceeded and that the number of new shares/units represented corresponds to the number of cancelled shares/units.
- Performing stakeholder meeting and voting processes such as document design and print procurement, postage, other distribution of documents and reporting.

Applicability: Platform Investors, Broker Investors

Xplore maintains an up-to-date register of Investors in accordance with requirements of the Corporations Act 2001 or the service agreement relevant to administration services provided.

The register contains data such as investor name, address, investment holdings details and investment transactions. All applications are processed in the Xplore system upon receipt. Internal checks are established to ensure accuracy and security of information. Incomplete applications are rejected and returned to the adviser.

Changes to static data are processed by Xplore upon receipt of request by Investors. Controls are established to ensure that changes are valid and correct, and completed in a timely manner.

Reconciliations are completed on a daily basis to ensure all investment data is complete and accurate. This is completed with data provided from various sub-service organisations.

Investors and advisers have access to view all registry information through the Portal. This is a convenient and accessible function, available at any time.

Key functions of Xplore's role in registry of Platform Investors and Broker Investors include:

- Investor accounts are established upon receipt of data and details are entered into the register of Scheme members.
- Ability for Investors to update static data such as residential address, either directly through the Portal with full security measures (Platform & Broker).
- Transaction data is available to investors through the Portal (direct or adviser).
- Transactions are reconciled in the systems against information provided by external parties including the custodian, brokers and the relevant cash account for the Investor.

G: Information Technology

Scope:
Information technology (IT) control objectives are applicable to all investment management services as IT is integral to providing those services. IT control objectives are addressed for each investment management service reported on, in addition to specific control objectives provided for each investment management service in GS 007 Appendix 3.

IT systems that are addressed in the controls identified to meet these objectives are those that are relevant to investment management services provided to user entities, specifically financial reporting of user entities with respect to those services

Applicability: Platform Investors and Broker Investors

Key elements of IT controls used by Xplore in providing other services to Investors (such as investment management services) include:

- Physical IT equipment is maintained in a controlled environment and access to servers holding investor data is restricted to authorised IT personnel only. Firewalls and anti-virus software are used to prevent unauthorised access to investor data.
- Investor data held on servers is backed-up off-site daily.
- Logical access security to investor data is on a need to know basis and is enforced by use of unique user ID's and complex passwords.
- Operating and applications software are updated regularly with the latest vendor releases and patches.
- Appropriate data security framework maintained to protect Xplore's systems and data from unauthorisaed access
- Changes made to IT systems by service providers are monitored and reviewed by management

Management description of controls and Grant Thornton tests of operating effectiveness

Controls that were in operation at Xplore throughout the period 1 July 2019 to 30 June 2020, or during a lesser period where specified, are described in the "Table of control objectives, related controls and operating effectiveness" below.

Table of control objectives, related controls and operating effectiveness

Accepting Investors (for services of Asset Management, Investment Administration and Registry)

Control objectives	▪ New accounts are set up completely and accurately in accordance with Investor agreements and/or offer documents and any applicable regulations. ▪ Complete and authorised Investor agreements, including investment guidelines and restrictions, are established prior to initiating custody, investment and accounting activity.
Overview	Platform investment accounts are opened once a signed application form containing instructions and appropriate AML documentation is received. Details are uploaded together with a scanned copy of the signed application form via the Portal by either an advisor or broker. Broker accounts are set up upon the receipt of a completed broker investor cover sheet which provides details such as Broker Investor name, address, bank account, adviser code and HIN, details the commencement date and the applicable fees rates for each Broker Investor. In the event of Xplore being granted power of attorney this shall be detailed on the cover sheet. Once broker and platform accounts have been set up, they are subject to a second review by either an Xplore officer or adviser.
Relevant Investors	Platform Investors, Broker Investors
Relevant services	Asset Management, Investment Administration, Registry
GS 007 references	B.1, B.2, E.1, E.2, F.1 & F.2

Controls	Platform	Broker	GT audit procedures	Exceptions
(B.1.1) New Investor accounts can only be opened upon receipt of the correct application forms described in the Overview.	YES	NO	**Inspection** For a sample of 25 new investor accounts opened during the year, it was checked through inspection of the investor records that a signed application form exists prior to initiating investor activity.	No exceptions noted
(B.1.2) The PDS contains terms and conditions of the Investor agreement and includes investment guidelines and restrictions.	YES	NO	**Inspection** Tested through review of the PDS, that the investor agreement, terms and conditions, the investment guidelines, and restrictions were contained within and accompanied by a signed application form.	No exceptions noted
(B.1.3) An account opening task checklist is automatically generated to track progress of applications. The system queues various account opening tasks and allocates them to appropriate officers for action. Application forms are reviewed for completeness, and referred to the Investor/Advisor for completion.	YES	NO	**Inspection** For a sample of 25 new investor accounts held throughout the year, it was assessed through inspection of the Investment Administration System that an account opening checklist had been generated to track the progress of the application and that the application was reviewed. **Observation** Tested through observation that the system queues the various account opening tasks and allocates them to the appropriate officers for action. In the event a form is incomplete it has been sent back to the investor for completion.	No exceptions noted
(B.1.4) The application form is checked for compliance with Anti-Money Laundering (AML) legislation.	YES	NO	**Inspection** For a sample of 25 new investor accounts opened during the year, it was tested through inspection of the investment records that an AML compliance check had been performed.	No exceptions noted

(B.1.5) Data verification to ensure all details on the application form have been entered correctly by the adviser, is completed/ reviewed by a senior Xplore team member.	YES	NO	**Inspection** For a sample of 25 investor accounts opened during the year, it was tested through inspection of the account opening checklist that the data verification check was completed by an adviser and reviewed by a senior Xplore team member.	No exceptions noted
(B.1.6) Relevant account opening documentation is forwarded to Xplore by the broker and checked by an Xplore investment officer.	NO	YES	**Inspection** For a sample of 25 investor accounts opened during the year, it was tested through inspection of the investor records, that documents were received from the broker and checked by an Xplore investment officer.	No exceptions noted

Authorising and Processing Transactions

Authorising and processing transactions includes the following:

- Portfolio purchases and disposals;
- Corporate actions;
- Contributions and withdrawals;
- Transfers In and Out (Transitions); and
- Income and expenditure.

Control objectives	▪ Asset investment guidelines and restrictions are established and agreed prior to investment management activity. ▪ Transactions are undertaken only with approved brokers. ▪ Asset investments and related cash transactions are completely and accurately recorded and settled in a timely manner. ▪ Portfolio transactions are recorded completely, accurately and on a timely basis. ▪ New share/unit holder activity is clearly established and recorded completely, accurately and in a timely manner. ▪ Share/unit holder applications, redemptions and switches received are checked, sorted and distributed for processing in a timely manner. ▪ Share/unit holder transactions and adjustments are authorised, processed accurately, completely and in a timely manner.
Overview	Platform: Investor investment instructions are actioned by a specialist investment team who input Investor orders into the Investment Management System, which automatically generates trade transactions that are batched and placed with approved brokers. All orders placed with brokers are verified by a Portfolio Administration Analyst before being processed. Settlement of orders is carried out by the custodian and all settlement transactions are checked daily by an Xplore Investment Officer.
Relevant services	Asset Management, Investment Administration & Registry
Relevant Investors	Platform Investors
GS007 references	B.3, B.4, B.5, E.3, F.3 , F.4 & F.5

Authorising and Processing Transactions – Portfolio purchases and disposals (for services of Asset Management, Investment Administration and Registry)

Controls	Platform	Broker	GT Test	Exceptions
(B.3.1) Trading transactions (e.g. re-balancing, self-directed investments) are actioned upon receipt of Adviser/Investor instructions, via the Investment Portal. All trade transactions are modelled by an Xplore investment officer, and then checked by a 2nd investment officer.	YES	NO	**Inspection** Tested through Inspection of the portal that all trades must be submitted online via the portfolio login and that investors or their respective advisors have a unique log in, and that where required checks the credentials of written instructions. **Inquiry** Tested through Inquiry that trades are checked by a 2nd Xplore Investment officer.	No exceptions noted
(B.3.2) Trade orders controlled and executed by Xplore are only placed with approved brokers who have established trading limits.	YES	NO	**Inspection** For a sample of 25 trades which took place throughout the year, it was checked through inspection of the contract notes that trades only take place with approved brokers.	No exceptions noted
(B.3.3) Listed market trade orders placed with brokers are reconciled daily between the Investment Management System and contract notes received from brokers using a reconciliation tool on the Portal. Non-market listed trades are reconciled against confirmation statements.	YES	NO	**Inspection** For a sample of 25 trades which took place throughout the year, inspected the investment management system, that a daily reconciliation between the contract notes and the investment management system is performed. **Inquiry** For a sample of 1 non-market listed trades based on total population, checked that non-market listed trades are reconciled against confirmation statements.	No exceptions noted
(B.3.4) Trade orders placed with brokers and entered on the Investment Management System are checked against contract notes received from brokers.	YES	NO	**Inspection** For a sample of 25 trades selected throughout the year, it was tested through inspection of the trading records, that contract notes are checked to trade orders.	No exceptions noted
(B.3.5) The settlement of trades by the custodian is checked daily by an Xplore Investment Officer.	YES	NO	**Inspection** For a sample of 25 business days selected throughout the year, it was tested through inspection of the trading records, that a	No exceptions noted

			reconciliation of trades by the custodian is checked by an Xplore investment officer.	
(B.3.6) Investors/Investment Managers can access details of their current trading instructions and portfolio holdings via the secure Portal.	YES	NO	**Observation** It was identified through onscreen observation of the secure Portal that both the investors' current trading instructions and their respective portfolio holdings can be accessed by the investors.	No exceptions noted
(B.3.7) Transfer request information is captured through signed in-specie transfer forms or Australian Standard Transfer Forms.	YES	NO	**Inspection** For a sample of 25 transfers requests during the period based on the population provided, inspected the investor records that a signed standard in-specie form or Australian Standard Transfer Form exists.	No exceptions noted
(B.3.8) Signatories checked with authorities held on file, and transfer form verified for correctness.	YES	NO	**Inspection:** For a sample of 25 transfers requests during the period based on the population provided, inspected the investor records that the signatories had been checked against authorities held on file and transfer form.	No exceptions noted
(B.3.9) Xplore receives daily trade orders from BT via the Portal. Xplore creates a FORSS file for all orders aggregated by security and uploads trade instructions to JPMorgan portal for processing. Upon receipt of confirmation of settlement from JPM, Xplore uploads the confirmation to the Portal. The Portal updates the order with final confirmed trade details. A daily file of net cash movement to or from the BT Cash account to the JPM Holding account is uploaded to the JPM portal for the settlement of	YES	NO	**Inspection:** For a sample of 25 trade orders checked that instructions have been received and a FORSS file created and sent to the second Xplore officer for review and upload to the portal. Tested that uploaded FORSS files were authorised by an approved authoriser within the system.	**Exception Noted** GT noted that an audit trail only exists when a BT trader orders is available. Where this is not the case, a comment is added to the portal

trades. The cash instruction is subject to approval by a Senior Xplore officer. Note: Transfer requests are also provided via the Portal from BT and Xplore are purely responsible for instructing JPM and creating the bank files to transfer funds between the BT Cash Account and the JPM Holding Account.				

Authorising and Processing Transactions – Corporate Actions (for services of Asset Management, Investment Administration and Registry)

Control objectives	▪ Corporate actions are initiated, processed and recorded accurately and on a timely basis. ▪ Distribution payments and reinvestments are complete, calculated in accordance with the authorised distribution and processed in a timely manner.
Overview	Corporate actions include processing of dividends, distributions, merger, demerger, share splits, buy backs, rights, offers, meetings and associated events. Corporate action announcements are received by the custodian or the Xplore PAS mailbox service from applicable registries and by Xplore through a daily feed from its market information system (IRESS). These announcements are reviewed and checked in conjunction with the ASX Daily Diary and Weekly Summary, circulars and bulletins that are downloaded from the ASX website. Platform: Once reviewed and checked, cash consideration and other corporate action asset transactions are input to the Investment Management System, which automatically applies them to Platform Investors' accounts. Non-Capital Event corporate actions such as proxy voting and elections are processed upon request by Xplore on behalf of Investors. Broker: Advisors have the ability to view corporate actions requiring election via the Portal. Xplore processes non capital event corporate actions on behalf of Broker / investors. Non-capital event actions include, but are not limited to, proxy voting and elections, etc.
Relevant services	Asset Management, Investment Administration and Registry
Relevant Investors	Platform Investors, Broker Investors
GS 007 references	B.6, E.4 & F.9

Controls	Platform	Broker	GT Test	Exceptions
(B.6.1) Corporate action announcements are received through the daily diary and are checked with notifications received from the custodian or the ASX online website for Daily Diary Weekly Summary circulars and bulletins.	YES	YES	**Observation** Tested through onscreen observation that corporate actions are received via the daily diary ASXONLINE. **Inquiry** Tested through Inquiry with the relevant investment personnel that corporate action announcements are checked to notifications received from the custodian or the ASX website.	No exceptions noted
(B.6.2) Corporate Actions – Election: In accordance with the investor's choice, actions are applied by Xplore to investor portfolios. A second Xplore investment officer will then check a sample of relevant investor portfolios to ensure the system correctly applied the corporate action.	YES	YES	**Inquiry** Tested through Inquiry with the relevant investment personnel that a sample check of investor portfolios is performed to check that corporate actions are correctly applied to investor accounts in a timely manner. **Inspection** Tested through a sample of 25, the extract of the corporate action agrees to the instructions and ensured IPS is correctly updated.	No exceptions noted
(B.6.3) Corporate Actions – Non Election: Once corporate actions have been automatically applied to investor portfolios, a sample of investor portfolios is selected and checked to ensure the system has correctly applied the corporate actions.	YES	YES	**Inquiry** Tested through Inquiry with relevant investment personnel that a sample check of investor portfolios is performed to check that corporate actions are correctly applied to investor accounts in a timely manner. **Inspection** Tested through a sample of 25, the extract of the corporate action agrees to the instructions and ensured IPS is correctly updated.	No exceptions noted

(B.6.4) ASX corporate actions requiring election for capital events are loaded onto the Portal and are then available for viewing by the adviser where they are not part of a model portfolio.	NO	YES	**Observation** Assessed through onscreen observation that advisors through the Xplore web portal can view ASX corporate action alerts.	No exceptions noted
(B.6.6) Corporate events are identified via the portal. Xplore will then notify BT of all Corporate events via email. For income corporate events, these are identified via the cash / reconciliations or statement of new units issued, and updated in the system.	YES	NO	**Inspection** For a sample of 25 Corporate events during the period, checked that the instruction matched the notification to BT and the system updated accordingly. For a sample income corporate events identified from the cash/reconciliations, cross checked to test that they were updated within the system.	No exceptions noted

Authorising and Processing Transactions – Contributions and Withdrawals (for services of Asset Management and Registry)

Control objectives	▪ Investor contributions and withdrawals are processed and recorded completely and accurately, on a timely basis, and withdrawals are authorised.
Overview	Platform: *Contributions* - can be made in the form of cheque deposit, direct debit, direct credit or in-specie transfer. The amount to be deposited by an Investor is recorded in the Investment Management System and subsequently matched with the amount actually deposited as advised by the custodian.
	XMA: ▪ Where the contribution comes in the form of money rather than an in-specie transfer, the Investor deposits the money into the designated bank account held with the custodian (Sandhurst and / or JP Morgan). ▪ A reconciliation is performed daily of all monies recorded as received by the investment management system with the monies deposited into designated bank accounts.
	XWA: ▪ Where the contribution comes in the form of money rather than an in-specie transfer, the Investor deposits the money into XWA's Holding Settlement account. This is a pooled account for all investor deposits and withdrawals.
	Investor account closures - Withdrawals can only be made on the authority of the Investor or their nominated representative and all withdrawal requests are checked with Platform Investor authorities held on file. Withdrawal requests are reviewed and approved by Xplore authorised signatories before the custodian is notified to transfer the funds. *Investor withdrawals* - Withdrawals are loaded onto the Portal by the adviser. Requests are approved by Xplore authorised signatories before the custodian is notified to transfer the funds.
	XMA: ▪ Withdrawals are made in the form of transfer of monies from designated bank account accounts held with the custodian to nominated bank accounts or by in-specie transfers out.
	XWA: ▪ Withdrawals are made in the form of transfer of monies from XWA's Holding Settlement account.
	A reconciliation is performed daily of all monies recorded as withdrawn by the Investment Management system with the monies withdrawn from Platform accounts.
	In-specie transfers out - refer to the "*Authorising and Processing Transactions – Transfers In and Out (Transitions)"* section of this report.

	Broker: All contributions and withdrawals are completed by the adviser. The role of Xplore is to ensure the transaction data is uploaded into the Xplore system, and to perform daily reconciliations between IRESS and the bank account data feed.
Relevant services	Asset Management
Relevant Investors	Platform Investors, Broker Investors
GS007 references	B.7

Controls	Platform	Broker	GT Test	Exceptions
(B.7.1) Investor contribution monies are deposited into the designated bank account.	YES	NO	**Inspection** For a sample of 25 investors, agreed the deposits to the Investment Management System to the CBA designated account.	No exceptions noted
(B.7.2) Investor contributions received as recorded in the Investment Management system are checked daily to monies deposited into the designated bank account.	YES	NO	**Inquiry** For a sample of 25 contributions received, tested through inquiry with the relevant investment personnel that contributions recorded in the investment management system are checked daily to monies deposited into the designated bank account.	No exceptions noted
(B.7.3) Daily reconciliations are performed of all monies recorded as received by the Investment Management system with the total of monies deposited into the relevant bank account.	YES	NO	**Inspection** For a sample of selected 25 business days throughout the year it was checked through inspection of the financial records, that a reconciliation was performed between all monies as recorded by the Investment Management system and the custodian. Tested as part of control B.12.1.	No exceptions noted
(B.7.4) Account closure requests, including manual withdrawals, are checked to Investor authorities held on file.	YES	NO	**Inspection** For a sample of 25 withdrawals during the period it was checked through inspection of investor records that a written investor request was received from the investor and checked to investor authorities held on file.	No exceptions noted
(B.7.5) Withdrawal requests are uploaded by the member/adviser to the Portal.	YES	NO	**Observation**Withdrawals are uploaded by the customer's advisor, however Xplore do not keep an audit trail of this uploads. This has been observed for a sample of 1.	No exceptions noted
(B.7.6) Withdrawal requests are uploaded to the portal by customer. Request processed with bank payments. One signatory is required to release the bank file	YES	NO	**Inspection** For a sample of 25 withdrawals which took place throughout the year, it was verified through inspection of investor records that each withdrawal had been reviewed and approved by an Xplore authorised signatory.	No exceptions noted

(B.7.7) Daily reconciliations are performed of all monies recorded in the Investment Management system with the bank accounts. Reconciliations are reviewed by an Xplore officer.	YES	NO	**Inspection** For a sample of 25 business days selected throughout the year it was checked through inspection of the financial records, that reconciliations are performed between all monies as recorded by the Investment Management system and the custodian and reviewed by an Xplore officer. Tested as part of control B.12.1.	No exceptions noted
(B.7.8) Applications and Withdrawals are prepared by BT and received via Portal (instructions from BT). Xplore creates a bank file for cash movements between the BT Account and the Westpac Banking Corporation (WBC) Holding Account based on data input by BT. The file is protected via encryption and sent securely via the Portal to WBC.	YES	NO	**Inspection** For a sample of 25 business days selected throughout the year it was checked through inspection of the financial records, that applications and withdrawals instructions are received from BT via the Portal, whereby Xplore creates a bank file for the cash movement which is protected via an encryption and sent securely via the Portal.	No exceptions noted

Authorising and Processing Transactions – Transfers In and Out (Transitions) (for services of Asset Management and Investment Administration)

Control objectives	▪ Investment holdings and related history (where applicable) transferred in from prior custodians are received and recorded completely, accurately and on a timely basis. ▪ In-species transfers-in and out are correctly classified and allocated to Investor's accounts, processed accurately and on a timely basis. ▪ In-specie transfers out are authorised.
Overview	Platform: In-specie transfer requests are actioned upon receipt of a transfer form signed by either the investor or their authorised representative. The requests are reviewed and recorded in the Investment Management system and forwarded to the custodian for action. After the custodian has completed the transfer, details (including historical cost data where applicable) are forwarded to Xplore and the Investor's portfolio holdings account on the Investment Management system is updated accordingly. Transfers out are reviewed and approved by two Xplore authorised signatories before being sent to the custodian for processing. A reconciliation is performed daily of all securities held by the custodian with those recorded as held by Investors in the Investment Management system. Unlisted securities transfers are issued by authorised signatories to investment managers manually. Broker: In-specie transfers are actioned by the adviser, Xplore ensures that transaction data is uploaded onto the platform and to ensure that the data per IRESS and the data provided reconcile.
Relevant services	Asset Management & Investment Administration
Relevant Investors	Platform Investors
GS 007 references	B.3, E.3

Controls	Platform	Broker	GT Test	Exceptions
(B.3.7) Transfer request information is captured through signed in-specie transfer forms or Australian Standard Transfer Forms.	YES	NO	**Inspection** For a sample of 25 transfers requests during the period, inspected the investor records that a signed standard in-specie form or Australian Standard Transfer Form exists.	**No exception noted**
(B.3.8) Signatories checked with authorities held on file, and transfer form verified for correctness.	YES	NO	**Inspection** For the sample of 25 transfers requests during the period inspected the investor records that each transfer had been reviewed and approved by an Xplore authorised signatory on the system.	**No exception noted**

Authorising and Processing Transactions – Income and Expenditure (for services of Asset Management, Investment Administration and Registry)

Control objectives	▪ Asset investments and related cash transactions are completely and accurately recorded and settled in a timely manner. ▪ Portfolio transactions are recorded completely, accurately and on a timely basis. ▪ Expenses are appropriately authorised and recorded in accordance with the service level agreement and/or Investor instructions.
Overview	Investor dividend and distribution income transactions are captured and processed via the Corporate Actions procedures. Refer to "*Authorising and Processing Transactions – Corporate Actions"* section of this report. Interest income is captured from income statements received from deposit taking institutions and recorded in the Investor's portfolio account on the Investment Management system. Platform: *XMA* - In the case of Investor holdings accounts, a daily download is obtained from the custodian that is processed against Investor accounts on the Investment Management system. For other deposit taking institutions, interest is manually processed to Investors' accounts from income statements. Recognition of tax credits is calculated and recorded as part of the income recording process and verified against income statements received. Transaction and other product related fees are shown in Product Disclosure Statements (PDS) and are automatically debited to Investors holdings accounts monthly. Month-to-month comparisons and reasonableness checks are conducted on fees calculated for the period. Broker: Transaction and other product-related fees for each Broker Investor are advised to Xplore in a written instruction by the broker. Fees payable to the broker are calculated by Xplore and the calculation is provided to the broker. The broker applies fees to each Broker Investor's account and arranges payment by the Broker Investor. Xplore conducts quarter-to-quarter comparisons and reasonableness checks on the fees calculated.
Relevant services	Asset Management , Investment Administration & Registry
Relevant Investors	Platform Investors, Broker Investors
GS 007 references	B.5, B.10, B.13, E.3, E.5, E.8 & F.9

Controls	Platform	Broker	GT Test	Exceptions
(B.5.7) A daily reconciliation is performed of Investors' bank accounts (Platform) as per the Investment Management system with: ▪ Custodian records of monies held for Investors ▪ Data provided by the bank. Reconciliations are reviewed by a 2nd Xplore officer.	YES	NO	**Inspection** For a sample of 25 days selected, it was tested through inspection of the investor records that a reconciliation between investors' bank accounts as per the Investment management system and the custodian's records of monies held for investors occurs daily and were peer reviewed. Tested as part of control B.12.1.	No exceptions noted
(B.5.8) Management, adviser and performance fees (where applicable) are shown in Product Disclosure Statements (PDS) and are agreed to by the Investor when they sign application forms contained in the PDS.	YES	NO	**Inspection** For a sample of 25 of new customers during the period, tested that the PDS contained management, adviser and performance fees, and that the application form was signed. Tested as part of control B.1.	No exceptions noted
(B.5.9) Fee schedules for brokers have been pre-programmed into the system so that correct fees are automatically charged to Investors' accounts.	YES	NO	**Inspection** For a sample of 25 investor accounts, it was checked through inspection of the investment management system that advisor fees are pre-programmed into the system. Tested as part of control B.1. **Re-performance** For a sample of 2 months, recalculated monthly fees to ensure they were being calculated in line with pre-programmed fee rates.	No exceptions noted
(B.5.10) Fees are automatically calculated and deducted by a monthly fee run system process based on fees program master data and fee data entered during Investor account set-up.	YES	NO	**Observation** Observed the automatic download of fee information from the investment management system.	No exceptions noted

(B.5.11) System fees are automatically paid via the ANZ banking system.	YES	NO	**Re-Performance** For a sample of 2 months, checked by performing a walkthrough of the fee transfer system, that fees are paid from the ANZ banking system after approval by authorised signatories.	No exceptions noted
(B.5.12) System calculated fees are paid from the Holdings account. Transfer of funds is approved by one authorised signatories.	YES	NO	**Re - Performance** For a sample of 2 months, checked by performing a walkthrough of the fee transfer system, that fees are transferred to a central holding account and paid from the holding account after approval of authorised signatories.	No exceptions noted
(B.5.13) Fees are shown in Schedule 6 as signed by the Investor or full service coversheet. The adviser checks to ensure the fees have been correctly entered into the Investment Management System.	NO	YES	**Inspection** For a sample of 15 investor accounts, test that there is a schedule 6 form detailing the relevant advisor fees which was signed by the investor and checked by the advisor. Inspected the system to ensure fees agree to schedule 6 form. Tested as part of control B.1.	No exceptions noted
(B.5.14) The fee schedule for each investor has been pre-programmed into the system so that correct fees are automatically calculated.	NO	YES	**Inspection** For a sample of 15 investor accounts, inspected the investment management system to ensure that the fee schedule was pre-programmed into the system and agreed to the client signed application form. Tested as part of control B.1. **Re-performance** For a sample, recalculated monthly fees to ensure they were being calculated in line with pre-programmed fees rates.	No exceptions noted

(B.5.15) Quarterly email is sent to brokers with new investors who will have a management fee deducted from their accounts. The broker then has the ability to contact Xplore by a certain deadline with relevant changes, If no response is received from the broker, fees are assumed to be correct.	NO	YES	**Inspection** For a sample of 2 quarters, test through inspection of the investor records that emails were sent from Xplore to the broker with regards to the fee process.	No exceptions noted
(B.5.16) Month-to-month comparisons and reasonableness checks are conducted on fees calculated for the period.	YES	YES	**Inspection** For a sample of 2 months, test through inspection of the records that monthly fee comparison and reasonableness checks were performed on the fees calculated.	No exceptions noted
(B.5.17) Reconciliations are performed daily between the record of asset holdings maintained by the Broker investor using the Pershing data feed, and the record of Investor portfolio holdings as recorded in the Investment Management System. Discrepancies are investigated by a Portfolio Administration Analyst.	NO	YES	**Inspection** For a sample of 25 business days selected throughout the year, check through inspection of the financial records that reconciliations between the record of assets maintained by the broker investor and the record of assets by the investment management system was performed and discrepancies were investigated. Tested as part of control B.12.1.	No exceptions noted

Maintaining Financial and Other Records

Maintenance of financial and other records include:

- Maintaining accurate Investor details;
- Recording and calculating income and expenditure;
- Reconciling investment and cash holdings;
- Performing valuations of investment holdings; and
- Performing pricing calculations.

Maintaining Financial and Other Records – Investor Details

Control objectives	▪ Accounts are administered in accordance with Investor agreements and/or offer documents. ▪ Changes to non-monetary share/unit holder data of Investors (i.e. address changes, change in allocation instructions) are authorised and correctly recorded on a timely basis.
Overview	All Investor and/or adviser instructions are authenticated, including those in relation to non-monetary data. Processing of all instructions is reviewed for accuracy and completeness prior to final approval and processing.
Relevant services	Asset Management, Investment Administration & Registry
Relevant investors	Platform Investors, Broker Investors
GS007 references	B.8, B.9, E.6, E.7, F.10 & F.11

Controls	Platform	Broker	GT Test	Exceptions
(B.8.1) Changes to Investor non-monetary static data or adviser instructions are based on written or email authorisation from Investors or advisers and are processed within 5 business days.	YES	YES	**Inspection** For a sample of 25 non-monetary static data changes and advisor instructions, check through inspection of the investment management system that an email or written authorisation exists, and that the change was processed within 5 business days.	**Exception Noted** We were unable to ascertain the completeness of the population of Investor non-monetary static data changes uploaded to the Portal for test sample purposes.
(B.8.2) Relevant changes are reviewed and verified by a second Investment Administration Officer before processing.	YES	YES	**Inspection** For the 25 samples selected above, test through inspection of the workflow process system that the changes were reviewed and approved by a second person.	**Exception Noted** Per discussions with management we noted that only bank information changes required a verification signature.

Maintaining Financial and Other Records – Income and Expenditure Details

Control objectives	▪ Investment income is accurately recorded in the proper period and related tax is accurately calculated and recorded in a timely manner. ▪ Investment management fees and other account expenses are accurately calculated and recorded in accordance with Investor agreements and/or offer documents.
Overview	Refer to the "*Authorising and Processing Transactions – Income and Expenditure and Corporate Actions"* section of this report where control objectives and related controls pertaining to recording of income and expenditure have been explained and documented.
Relevant services	Asset Management & Investment Administration
Relevant investors	Platform Investors, Broker Investors
GS007 references	B.10, B.13 & E.8

Maintaining Financial and Other Records – Reconciling Investment and Cash Holdings

Control objectives	▪ Issue and cancellation of shares/units are recorded completely and accurately, and positions are regularly reconciled to data provided by third party registries. ▪ Cash and securities positions are completely and accurately recorded and reconciled to third party data on a timely basis. Reconciliations between different systems are performed on a timely basis. ▪ Registrar records accurately reflect shares, units and cash held by third parties. ▪ Share/unit activity is recorded completely, accurately and positions are regularly reconciled.
Overview	On a daily basis, cash and investment reconciliations are performed between Investor portfolio records maintained in the Investment Management system and external third party sources to verify the accuracy of records maintained. These reconciliations are prepared by a Portfolio Administration Officer and reviewed and signed off by the Operations Manager. Reconciling items that remain outstanding for two day periods are escalated and followed up.
Relevant services	Asset Management, Investment Administration & Registry
Relevant Investors	Platform Investors, Broker Investors
GS007 references	B.12, E.10, E.11, F.12 & F.13

Controls	Platform	Broker	GT Test	Exceptions
(B.12.1) Reconciliations are performed between records of asset holdings maintained by the custodian and/or external party, and records of Investor portfolio holdings as recorded in the Investment Management system. Discrepancies identified are investigated by a Reconciliations Officer or Portfolio Administration Analyst. These are detailed below.	YES	YES	Refer below for details of specific test procedures performed.	**No exceptions noted**
(B.12.2) Cash – Daily	YES	NO	**Inspection** For a sample of 25 business days selected during the period of review, tested through inspection of the investment management and workflow management systems the cash reconciliation had been performed and discrepancies identified were investigated by a Reconciliation Officer.	**No exceptions noted**
(B.12.3) Domestic Securities - Daily	YES	NO	**Inspection** For a sample of 25 business days selected during the period of review, tested through inspection of the investment management system and workflow management systems the domestic securities reconciliation had been performed and discrepancies identified were investigated by a Reconciliation Officer.	**No exceptions noted**
(B.12.4) International securities – Daily	YES	NO	**Inspection** For a sample of 25 business days selected during the period of review, tested through inspection of the investment management system that the international securities reconciliation had been performed and discrepancies identified were investigated by a Reconciliation Officer.	**No exceptions noted**

(B.12.5) Term Deposits - Weekly	YES	NO	**Inspection** For a sample of 5 weeks selected during the period of review, tested through inspection of the investment management system that the Term Deposit reconciliation had been performed and discrepancies identified were investigated by a Portfolio Administration Analyst.	**No exceptions noted**
(B.12.6) Bonds ▪ Platform ▪ Broker - Daily	YES	YES	**Inspection** For a sample of 25 business days selected during the period of review, tested through inspection of the investment management system that Bond reconciliations had been performed and discrepancies identified were investigated by a Reconciliation Officer.	**No exceptions noted**
(B.12.7) Managed Funds – Monthly GISPN – daily International equities GISPN - Daily	YES	NO	**Inspection** For a sample of 25 business days, tested through inspection of the investment management system that Managed Fund reconciliations had been performed and discrepancies identified were investigated by a Reconciliation Officer.	**No exceptions noted**

Maintaining Financial and Other Records – Valuation of Investments

Control objectives	▪ Investments are valued using current prices obtained from independent external pricing sources or an alternative basis in accordance with Investor agreements.
Overview	Equity prices and managed fund unit prices are obtained daily from the market through a feed from IRESS, the market information system. Automated interfaces between IRESS and the Investment Management system update Investor portfolios with these daily prices. Prices of non-market traded investments are obtained from the issuers' holding statements and are manually input to the Investment Management system.
Relevant services	Asset Management & Investment Administration
Relevant Investors	Platform Investors, Broker Investors
GS007 references	B.11 & E.9

Controls	Platform	Broker		GT Tests	Exceptions
(B.11.1) Market equity prices and managed fund unit prices are obtained from an independent source (IRESS) daily.	YES	YES		**Inquiry** Inquired of investment personnel that market equity prices and managed fund prices were obtained from IRESS, an independent source. **Inspection** Inspected a sample of 25 equity and managed fund prices to determine that prices agreed to IRESS.	No exceptions noted
(B.11.2) Prices of non-market traded investments are obtained from the issuers holding statements and are manually input to the Investment Management system. These are reviewed by a 2nd Xplore officer.	YES	YES		**Inquiry / Inspection** Tested through Inquiry with relevant personnel and inspection of a sample of 1 based on the total population that prices of non-market traded investments are processed into the Investment Management system based on issuer holding statements and peer reviewed by Xplore officer.	No exceptions noted

Safeguarding of Assets (services of Asset Management and Registry)

Control objectives	▪ Investments are properly registered and Investor money is segregated.
Overview	Platform: Xplore does not accept physical cash or transfer of title of securities from Investors to Xplore itself. Assets are held by the external custodian at Xplore's direction under proper instruction by Xplore. This ensures there is segregation of Investor assets and the assets of Xplore as responsible entity. XMA - Investor money (cash) is kept in interest bearing accounts with ANZ Bank. Accounts are opened in the name of the external custodian or the responsible entity as being held on account for the Investor. XWA – Investor money (cash) is kept in interest bearing accounts held with ANZ Bank. The account is opened in the name of the external custodian or the responsible entity as being held on account for the Fund. BT GIS – Investor money (cash) is kept in an interest bearing cheque account held with Westpac Bank. The account is opened in the name of the external custodian as being held on account for the Fund. Ownership of securities and non-cash investment products lies with the Custodian with beneficial ownership to the Investor. Authority of the Custodian is required to transfer ownership of these assets. Broker: All investments are held by the Broker Investor. This ensures there is segregation of Broker Investor assets and the assets of Xplore. Investor money (cash) is kept in bank accounts operated by the Broker Investor and adviser. Accounts linked to the Xplore system are reconciled and investigated daily. Ownership of securities and non-cash investment products lie with the Broker Investor, who maintains an individual Holder Identification Number "HIN".
Relevant services	Asset Management & Registry
Relevant Investors	Platform Investors
GS007 references	B.14

Controls	Platform	Broker	GT Test	Exceptions
(B.14.1) Investor monies are held in bank accounts in the name of the Custodian.	YES	NO	**Inspection** Inspected all bank accounts to verify that they were in the name of the custodian.	No exceptions noted
(B.14.2) Investor non-cash assets are held by the Custodian with beneficial ownership to the Investor.	YES	NO	**Inspection** For a sample of 25 investments (non cash assets), checked through inspection of the investment management system that investor securities are held by the custodian with beneficial ownership to the investor.	No exceptions noted

Monitoring Compliance (services of Asset Management, Investment Administration & Registry)

Control objectives	▪ Investor portfolios are managed in accordance with investment objectives, monitored for compliance with investment guidelines and restrictions and performance measured. ▪ Transaction errors (including guideline breaches) are identified, notified to Investors and share/unit holders in accordance with Investor agreements, rectified promptly and Investors treated fairly. ▪ Broker exposures are monitored in accordance with Investor agreements and/or offer document.
Overview	Platform Investors: Under the Product Disclosure Statement (PDS), Investors have the option to invest in model portfolios, self-directed portfolios or a combination of both. Xplore acts as the Investment Manager of its own Xplore branded indexed model portfolios whereas external investment managers actively manage external fund managers branded model portfolios. As the Investment Manager of its own branded model portfolios, Xplore re-balances these quarterly as mandated in the PDS. External investment managers are responsible for ensuring that portfolios they manage are in accordance with specified investment mandates. Investors that have invested in self-directed products set their own guidelines and objectives and are responsible for monitoring them. Xplore has a documented Complaints Handling Policy that outlines the process for recording, reporting and resolving Investor and adviser complaints thus ensuring that significant transaction errors and breaches of guidelines are detected and corrected. Broker: In accordance with the agreement executed between Xplore and the broker, Xplore is not bound by and disclaims any knowledge of the broker's compliance with its obligations, including arrangements between the broker and each broker Investor. It is the obligation of the broker to ensure that all investor instructions are executed. Xplore is under no obligation to ensure that broker is in compliance with their contractual obligations.
Relevant services	Asset Management, Investment Administration & Registry
Relevant Investors	Platform Investors
GS007 references	B.16, B.17, B.18, E.13 & F.15

Controls	Platform	Broker	GT Test	Exceptions
(B.16.1) Xplore branded model portfolios are indexed against the S&P index (Standard & Poor's) each quarter by the Investment team and re-balanced where required to meet the investment objectives and guidelines. This re-balancing is reviewed by secondary team member.	YES	NO	**Inspection** Checked through inspection of a sample of 2 quarters of investment records that on a quarterly basis the Xplore branded model portfolios are indexed against the S&P index and where required rebalanced to meet the investment objectives and guidelines.	No exceptions noted
(B.16.2) Externally branded model portfolios are indexed and re-balanced by their respective investment managers. Where applicable, these external investment managers may instruct the Xplore Investment team to undertake trades on their behalf in order to re-balance a portfolio. A 2nd team member reviews the trade prior to execution.	YES	NO	**Inspection** Tested through inspection of 2 quarters that when the external branded model portfolio is rebalanced, it is reviewed by the secondary team member.	No exceptions noted

(B.16.3) There is a written Complaints Handling Policy in place setting out steps for recording, reporting and resolving Investor and adviser complaints.	YES	NO	**Inspection** Inspected the complaints handling policy and procedure manual that sets out the steps for recording, reporting and resolving investor and advisor complaints. **Inspection** Inspected a sample from the Errors, Breaches and Complaints Register submitted to management meetings to determine that the Errors, Breaches and Complaints Registers was maintained and issues were reviewed and investigated.	**Exceptions Noted** No formal documented review of the complaints policy in place in line with the policy which states the policy to be reviewed annually and approved by the board. The latest document was last reviewed in December 2018. On review of the incident register, on average it takes approximately 70 days to close a request. This does not include system failures which do require longer and are currently being worked on. It is not in line with policy.
(B.16.4) There is a written Compliance Plan in place designed to detect guideline breaches.	YES	NO	**Inspection** Inspected the Compliance plan to confirm its existence.	No exceptions noted

Reporting to Investors (services of Asset Management, Investment Administration & Registry)

Control objectives	▪ Investor reporting in respect of portfolio transactions and holdings is complete and accurate and provided within required timescales. ▪ Periodic reports to Investors, including calculation of net asset value if required, are accurate and complete and distributed on a timely basis. ▪ Annual reports and accounts are prepared in accordance with applicable laws and regulations. ▪ Investor reporting is complete and accurate and processed within required timescales.
Overview	Platform & Broker: Investment information relative to each investor may be viewed online via the Portal. On an annual basis, investors receive audited statements of their investment holdings and related investment transactions. The basis of information extracted is the Investment Management system. The system is reconciled and balanced on a daily basis.
Relevant services	Asset Management, Investment Administration & Registry
Relevant Investors	Platform Investors, Broker Investors
GS007 references	B.20, E.15, E.16 & F.17

Controls	Platform	Broker	GT Test	Exceptions
(B.20.1) Investor portfolio holdings and related income and expenditure transactions are updated daily or when valuation information becomes available. This can be viewed by Investors' Portal access.	YES	YES	**Observation** It was checked through onscreen observation of the investment management system and the Xplore Portal that income and expenditure transactions are updated daily and can be viewed by the investor through their Portal access.	No exceptions noted
(B.20.2) Annual investor statements are reconciled, checked and authorised prior to being uploaded to Investors' Portal accounts. Lists detailing members who have not received authorised statements are prepared regularly to monitor progress and to ensure each member receives an annual statement.	YES	YES	**Observation** Through observation and Inquiry with the relevant accounting staff, it was observed that 2019 investor statements were reconciled, checked and authorised prior to being made available. **Inspection** For a sample of 1 annual investor statements selected which had not yet been authorised, it was checked through inspection of the online investor portal, that investor statements are not available to investors prior to being authorised. **Inspection** Through inspection of the documents used to prepare annual investor statements, it was observed that a list is maintained to monitor and track the progress of all members yet to receive investor statements.	No exceptions noted
(B.20.3) Annual investor statements are subject to audit as per ASIC Class Orders and Regulations.	YES	NO	**Inquiry** Inquired of management in respect of advisors engaged and services provided.	No exceptions noted
(B.20.4) All details of client contributions and withdrawals are visible to the investor through the Portal.	YES	YES	**Inspection** For a sample of 25 investor accounts selected, tested through inspection of the online investor portal that details of contributions and withdrawals are visible to the investor through the Portal.	No exceptions noted

(B.20.5) Investors or advisors can at any point in time generate a bespoke statement through their Portal access. (quarterly access for GISPN)	YES	YES	**Observation** Through observation of the investor portal, it was identified that bespoke reports are able to be generated at any point in time by investors / advisors (accessed at quarter end by GISPN investors).	No exceptions noted

Taxation (services of Investment Administration & Registry)

Control objectives	▪ Tax policy is updated and reviewed on a timely basis. ▪ Tax information components and attributes used in the preparation of the income tax computation (current and deferred) are complete and calculated accurately in accordance with tax policy or as agreed with Investors. ▪ Differences between tax and accounting treatments are identified and calculated in accordance with tax policy or as agreed with Investors and reported in a timely manner to Investors. ▪ Withholding tax for non-residents, or where no TFN/ABN has been provided, is calculated completely, accurately and on a timely basis.
Overview	Platform: General tax information relative to Platform Investors of XMA/XWA is detailed in the current PDS. Tax information per the PDS advises Platform Investors that they should seek independent professional tax advice as the taxation information in the PDS is intended only as a guide and should not be relied upon by investors as specific taxation advice. Tax calculation methodologies available to Platform Investors in respect of their investment holdings are disclosed in the PDS. Investors may elect various methods when completing the PDS application form or they may provide Xplore with an instruction at a later date. The method selected is recorded in the Investment Management System. Specialised software tools are utilised to ensure that tax information has been correctly to Platform Investors' accounts. Tax information is provided to Platform Investors via the Portal and their annual statements. A TFN/ABN must be provided by investors before investments will be accepted and processed on Xplore's platform. Broker: Information is provided to Broker Investors that may be used as a guide in the preparation of tax advice. Investors should seek their own independent professional tax advice. Taxation information is provided to Broker Investors via the Portal and annually in their annual statements.
Relevant services	Investment Administration & Registry
Relevant Investors	Platform Investors, Broker Investors,
GS007 references	E.17, E.18, E.19, & F.18

Controls	Platform	Broker	GT Test	Exceptions
(E.17.2) Specialised software tools have been developed in accordance with the tax policy contained in the PDS, to check that Investor taxation information has been correctly allocated to their accounts on the investment management system.	YES	YES	**Observation** Through observation of the investment management system, tested that specialised software tools has been developed in accordance with the tax policy contained in the PDS to check investor taxation information.	No exceptions noted
(E.17.3) Taxation information is provided to Investors via their Portal accounts and/or in their annual statements.	YES	YES	**Inspection and observation** For a sample of 25 investor accounts selected, tested through onscreen observation of the online portal and inspection of the annual taxation statements that taxation information was reported to investors via their Portal and in their annual statements.	No exceptions noted

Information Technology

Information technology (IT) control objectives are applicable to all investment management services as IT is integral to providing those services. IT control objectives are addressed for each investment management service reported on, in addition to specific control objectives that are provided for each investment management service in GS 007 Appendix 3.

IT systems that are addressed in the controls identified to meet these objectives are those that are relevant to investment management services provided to user entities, specifically the financial reporting of user entities with respect to those services. Information technology controls are applicable to all investment management services offered by Xplore. Information technology controls are integral and include the following:

- Restricting access to systems and data;
- Authorising and processing transactions;
- Safeguarding assets;
- Recovering from processing interruptions;
- Monitoring compliance; and
- Monitoring subservice organisations

Information Technology – Restricting access to systems and data

Control objectives	▪ Physical access to computer networks, equipment, storage media and program documentation is restricted to authorised individuals. ▪ Logical access to computer systems, programs, master data, Investor data, transaction data and parameters, including access by administrators to applications, databases, systems and networks, is restricted to authorised individuals via information security tools and techniques. ▪ Segregation of incompatible duties is defined, implemented and enforced by logical security controls in accordance with job roles.
Overview	Investor data is held on Xplore's servers accessible only to authorised IT personnel and are backed-up daily off-site. Logical access authorisation to servers is provided by Windows Active Directory and requires establishment of user accounts based on roles and responsibilities. Access to applications and data is restricted to a need-to-use basis. Investor access to web-based Portal information is only available by input of a unique user ID and password.
Relevant services	Information Technology

Relevant Investors	Platform Investors, Broker Investors, superannuation
GS 007 references	G.1, G.2 & G.3

Controls	Platform	Broker		GT Test	Exceptions
(G.1.1) The server located at Xplore is kept in a locked room only accessible to authorised IT personnel and is backed-up off-site daily.	YES	YES		**Inquiry and Inspection** Through inspection, check that the server room is locked and accessible only to authorised personnel. Checked through inspection of relevant backup documentation and Inquiry with the IT Xplore staff that the server was backed up off-site on a daily basis.	No exceptions noted
(G.2.1) The desktop environment is Windows-based and requires a user ID and password with user accounts being set up according to roles and responsibilities.	YES	YES		**Observation** Through on screen observation, checked that the desktop environment is Windows based and that access is restricted by user name and password. **Inspection** It was checked through inspection of IT records that user accounts are set up according to roles and responsibilities.	No exceptions noted
(G.2.2) User accounts conform to the security password policy including Microsoft password complexity rules.	YES	YES		**Inspection** Through inspection of IT records, observed that passwords conform to the security password policy including Microsoft password complexity rules.	No exceptions noted
(G.2.3) User access is reviewed on a regular basis.	YES	YES		**Inspection** Through inspection of IT records, observed that user access review is performed periodically.	No exceptions noted

(G.2.4) Classification of data exists and access is controlled.	YES	YES		**Inquiry and Inspection** Through Inquiry and inspection of a sample of user access given to advisors that data classification exists and access is controlled based on portfolios.	No exceptions noted
(G.2.5) Investor/Investment Manager access to web-based Portal information is enabled by input of unique user ID and password.	YES	YES		**Observation and Inspection** It was observed that investor online portal access is only available by input of unique user ID and password.	No exceptions noted
(G.3.1) There is segregation of duties between the Operations team officers processing Xplore transactional data and senior management staff who authorise the movement of funds to and from the custodian's accounts.	YES	YES		**Inspection** Through the performance of a walkthrough of 1 randomly selected sample transaction, it was observed that there was appropriate segregation of duties. **Inquiry** Inquired of operational personnel regarding the daily operational processes [ex: settlements] and confirmed that there is a segregation of duties between operations team officers processing Xplore transactional data and senior management who authorise movement of funds to and from the custodian's accounts.	No exceptions noted

Information Technology – Authorising and processing transactions

Control objectives	▪ IT processing is authorised and scheduled appropriately and deviations are identified and resolved in a timely manner.
Overview	IT services provide processes for supporting incidents, management and maintenance. Systems incidents are reported by email to designated email accounts. Accounts exist for different users, these being Support, Adviser and Investor. Emails are monitored and prioritised by Xplore staff and actioned on the business day received. Any ongoing issues are monitored, with regular correspondence to the customer, and escalated as required.
Relevant services	Information Technology
Relevant Investors	Platform Investors, Broker Investors
GS 007 references	G.4

Controls	Platform	Broker		GT Test	Exceptions
(G.4.1) Job schedules are monitored automatically with alerts issued to support staff for any issues.	YES	YES		**Inspection** Through the inspection of a sample of scheduled jobs and notifications, check that request for support was authorised, prioritised and actioned.	No exceptions noted
(G.4.2) Monitoring applications are utilised to detect and escalate incidents.	YES	YES		**Inspection** Through inspection, test that monitoring applications are used to detect and escalate incidents related to infrastructure, network and applications and observe that parameters for monitoring are adequately defined.	No exceptions noted

Information Technology – Safeguarding assets

Control objectives	▪ Appropriate measures, including firewalls and anti-virus software, are implemented to counter the threat from malicious electronic attack. ▪ Physical IT equipment is maintained in a controlled environment.
Overview	Server infrastructure is maintained in industry standard racking within a controlled environment restricting access and providing environmental protection. Firewalls are in place and anti-virus software is installed at the network, server and desktop levels.
Relevant services	Information Technology
Relevant Investors	Platform Investors, Broker Investors
GS 007 references	G.5 & G.6

Controls	Platform	Broker		GT Test	Exceptions
(G.5.1) Firewall and anti-virus software is in place.	YES	YES		**Inspection** Through inspection of the IT system, check that there is firewall and anti-virus software in place which is regularly monitored and updated by Xplore's IT staff.	No exceptions noted
(G.6.1) The physical environment is controlled and protected including fire extinguisher of correct type and adequate air conditioning.	YES	YES		**Inspection** Through inspection of the premises, observe that there is appropriate fire extinguisher and air conditioning inside the server room.	No exceptions noted

Information Technology – Maintaining and developing systems hardware and software

Control objectives	▪ Development and implementation of new systems, applications and software, and changes to existing systems, applications and software, are authorised, tested, approved, implemented and documented. ▪ Data migration or modification is authorised, tested and, once performed, reconciled back to source data.
Overview	Xplore administers Investor funds on existing IT systems that have been tested as reliable and robust over a number of years. Regular maintenance upgrades are performed, but there have been no significant changes to these systems during the reporting period. Desktop operating systems are updated to present a standard operating environment before deployment. Configuration undertaken to conform to the Standard Operating Environment includes additional software for antivirus and patching mechanisms.
Relevant services	Information Technology
Relevant Investors	Platform Investors, Broker Investors, Superannuation
GS007 references	G.7 & G.8

Controls	Platform	Broker		GT Test	Exceptions
(G.7.1) Server operating system upgrades are recommended by the vendor. Xplore assesses the upgrade recommendations, and performs upgrades as required.	YES	YES		**Inspection and Inquiry** Through Inquiry of the relevant IT personnel and inspection of IT correspondence, test that server operating system upgrades are recommended by the vendor and assessed by Xplore personnel.	No exceptions noted
(G.7.2) Updating of the desktop operating system to vendor recommended requirements is regularly performed.	YES	YES		**Inquiry** Through Inquiry test that the recommendation to change operating systems is an obligation of the vendor as part of the service agreement and is regularly performed. Xplore always stays within 2 versions of the latest operating system. **Inspection** Through inspection of the IT-System, check that the current desktop operating system in use is Windows 8.1.	No exceptions noted
(G.7.3) Desktop patching is maintained and monitored by appropriate mechanisms.	YES	YES		**Observation** Through observation of the IT staff, check that desktop patching is maintained and monitored by appropriate mechanisms. **Inspection** It was observed through patching schedule and report for workstations and servers that the patches are applied adequately.	No exceptions noted
(G.8.1) Investor data migrated onto the Xplore systems from newly acquired portfolios is subject to the same processing controls as in the Accepting Investors table.	YES	YES		Not Applicable Xplore confirmed that there was no data migration in the 12 month period (1 July 2019 – 30 June 2020). Inquiry with relevant IT staff confirmed that there is a process established for data migration and is subjected to testing, reconciliation to source and approval.	Not applicable to test as data migration if not occur in the period

Information Technology – Recovering from processing interruptions

Control objectives	▪ Data and systems are backed up regularly offsite and tested for recoverability on a periodic basis. ▪ IT hardware and software issues are monitored and resolved in a timely manner. ▪ Business and information system recovery plans are documented, approved, tested and maintained.
Overview	Backup procedures for data contained within the server environment provide the appropriate level of protection. Backup systems used allow for granular recovery (single file) as well as complete server restoration. Backup data is maintained both onsite and mirrored to a geographically separate location to protect against loss. Integrity of backups is maintained by the software system and alerts, as well as automatic recovery mechanisms protect against failed or incomplete backup processes.
Relevant services	Information Technology
Relevant Investors	Platform Investors, Broker Investors
GS 007 references	G.9, G.10 & G.11

Controls	Platform	Broker		GT Test	Exceptions
(G.9.1) Backup schedule catering for daily, weekly and monthly retention requirements is defined and operating.	YES	YES		**Inspection** Through inspection of the IT records, check that a backup schedule catering for weekly and monthly retention requirements is defined. For a sample of back up summary reports it was checked through inspection, that a backups are performed.	No exceptions noted
(G.9.2) Backup software monitors and reports on exceptions and failures.	YES	YES		**Inspection** Through inspection of the Backup software configuration and reporting, test that the backup software monitors and reports on exceptions and failures.	No exceptions noted

(G.9.3) Backups of the server and portal are maintained offsite at geographically separate secure locations.	YES	YES		**Inquiry** Through Inquiry check that backups are maintained offsite. **Inspection** Through a review of back up summary reports, check through inspection that a backup is maintained offsite.	No exceptions noted
(G.9.4) Restoration of data from backup medium is tested on a regular basis.	YES	YES		**Inquiry** Through Inquiry test that restoration of data is tested as a part of Disaster recovery testing. **Inspection** Through inspection of the IT records, test that restoration of data from backup medium is periodically tested.	No exceptions noted
(G.10.1) IT software and hardware issues are logged and monitored on a tracking register.	YES	YES		**Inspection** Through inspection of the IT records, test that a tool exists to monitor and track IT software and hardware issues.	No exceptions noted
(G.11.1) Business Continuity Plans (BCP) and Disaster Recovery Plans (DRP) exist and are periodically tested. Testing is conducted at least annually.	YES	YES		**Inspection** Inquired of management and confirmed by inspection that a documented BCP process in place surrounding the review, approval and testing of the business recovery plan. Inspected documentation relating to the testing of the business and information system recovery plan to determine the performance and review of testing was completed. Inquired of management and from inspection of the subsequent business continuity event report confirmed that the response to a business continuity scenario i.e. response to a pandemic was effective, timely and enable the support and satisfactory continuance of the business processes.	No exceptions noted

Information Technology – Monitoring subservice organisations

Control objectives	▪ Appointment of subservice organisations, including those providing IT services, is approved. Subservice organisations are managed in accordance with the requirements of the Investor agreement and their activities are adequately monitored.
Overview	Xplore uses the services of Proactive IT Solutions for the maintenance of the hardware and software used by the Investor applications. A service level agreement is in place with Proactive IT Solutions and the work they do on the systems is authorised by Xplore prior to commencement and reported to Xplore after completion. On 28 June 2020, Secure Agility has replaced Proactive IT Solutions as the service provider for maintenance of hardware and software for Xplore.
Relevant services	Information Technology
Relevant investors	Platform Investors, Broker Investors
GS 007 references	G.13

Controls	Platform	Broker		GT Test	Exceptions
(G.13.1) Appointment of Proactive IT Solutions and secure Agility is subject to a formal agreement approved by management.	YES	YES		**Inspection** Through inspection of the IT records, test that a formal agreement with Proactive IT Solutions exists and is current.	No exceptions noted
(G.13.2) Services provided by Proactive IT Solutions and Secure Agility are monitored on a monthly basis by Xplore users.	YES	YES		**Inspection** Through inspection of the last three reports from Proactive IT solutions, test that Xplore users report service issues as they arise.	No exceptions noted
(G.13.3) Proactive IT Solutions and Secure Agility provides a monthly report to Xplore of actions it has performed on the system, reviewed by senior management.	YES	YES		**Inspection** Through inspection of the IT records, test that a monthly report is sent to Xplore by Proactive IT solutions, and that they are reviewed by Xplore's senior management.	No exceptions noted
(G.13.4) Services provided by Base2 Services Solutions are monitored by Xplore Wealth IT users.	YES	YES		**Inspection** Through inspection of the IT records, tested that services provided by Base2 Services Solutions are monitored.	No exceptions noted
(G.13.5) Services provided by sub-service providers are monitored.	YES	YES		**Inspection** Through inspection of the IT records, tested that services provided by subservice providers are monitored.	No exceptions noted

Appendix A – GS 007 mapping

(i) Table showing relationship with GS 007

This table allows the user to reference the control objectives outlined in GS 007 to the control objectives included within this report. Refer to section (ii) which shows those control objectives that have been excluded from the scope of this report.

	Per GS007	Platform	Broker
B: Asset Management			
Accepting Investors	B1	16	16
	B2	16	16
Authorising and processing transactions	B3	19;30	Excluded
	B4	19	Excluded
	B5	19; 32	Excluded
	B6	23	23
	B7	27	Excluded
Maintaining financial and other records	B8	36	36
	B9	36	36
	B10	32;38	32;38
	B11	42	42
	B12	39	39
	B13	32;38	32;38
Safeguarding of assets	B14	43	Excluded
	B15	Excluded	Excluded
Monitoring compliance	B16	45	Excluded
	B17	45	Excluded
	B18	45	Excluded
Monitoring subservice organisation	B19	Excluded	Excluded
Reporting to Investors	B20	48	52
E: Investment Administration			
Accepting Investors	E1	16	16

	E2	16	16
Authorising and processing transactions	E3	19;32;30	Excluded
	E4	23	23
	E5	32	32
Maintaining financial and other records	E6	36	36
	E7	36	36
	E8	32;38	32;38
	E9	45	45
	E10	39	39
	E11	39	39
	E12	Excluded	Excluded
Monitoring compliance	E13	45	Excluded
Monitoring a subservice organisation	E14	Excluded	Excluded
Reporting to Investors	E15	48	48
	E16	48	Excluded
Taxation	E17	51	Excluded
	E18	51	51
	E19	51	51
	E20	Excluded	Excluded
F: Registry			
Accepting Investors	F1	16	16
	F2	16	16
Authorising and processing transactions	F3	19	Excluded
	F4	19;27	Excluded
	F5	19	Excluded
	F6	Excluded	Excluded

	F7	Excluded	Excluded
	F8	Excluded	Excluded
	F9	23;32	23;32
Maintaining financial and other records	F10	36	36
	F11	36	36
	F12	39	39
	F13	39	39
Safeguarding assets	F14	Excluded	Excluded
Monitoring compliance	F15	45	Excluded
Monitoring subservice organisations	F16	Excluded	Excluded
Reporting to Investors	F17	48	48
Taxation	F18	51	51
G: Information Technology			
Restricting access to the system and data	G1	63	63
	G2	63	63
	G3	63	63
Authorising and processing transactions	G4	65	65
Safeguarding assets	G5	66	66
	G6	66	66
Maintaining and developing system hardware and software	G7	67	67
	G8	68	68
Recovering from processing interruptions	G9	69	69
	G10	69	69
	G11	69	69
Monitoring compliance	G12	Excluded	Excluded
Monitoring subservice organisation	G13	71	71

D. Superannuation member administration		
Accepting clients	D1	Excluded
	D2	Excluded
Authorising and processing transactions	D3	Excluded
	D4	Excluded
	D5	Excluded
	D6	Excluded
	D7	Excluded
Maintaining member records	D8	Excluded
	D9	Excluded
Safeguarding assets	D10	Excluded
Monitoring compliance	D11	Excluded
	D12	Excluded
	D13	Excluded
Monitoring subservice organisations	D14	Excluded
Reporting to clients	D15	Excluded

(ii) Exclusions from this report

The following control objectives in GS 007 in relation to Asset Management, Investment Administration, Registry and Information Technology have been excluded from this report for the reasons noted below:

Asset Management

Relevant control objectives excluded:

B.3 Asset investment transactions are properly authorised, executed and allocated in a timely and accurate manner.
Broker Investors – This control is not performed by Xplore.

B.4 Transactions are undertaken only with approved brokers.
Broker Investors – This control is not performed by Xplore.

B.5 Asset investment and related cash transactions are completely and accurately recorded and settled in a timely manner.
Broker Investors – This control is not performed by Xplore.

B.7 Client new monies and withdrawals are processed and recorded completely and accurately, on a timely basis, and withdrawals are authorised.
Broker Investors – Xplore does not process broker bank account transactions.

B.14 Investments are properly registered and client money is segregated.
Broker Investors – Broker clients hold their own assets.

B.15 Appropriate segregation exists between the service organisation's asset management and custody services, which may give rise to a conflict of interest.
Platform & Broker Investors - Xplore outsources custody services and therefore this control objective is not applicable. No testing has been performed in relation to this control objective.

B.16 Client portfolios are managed in accordance with investment objectives, monitored for compliance with investment guidelines and restriction and performance is measured.
Broker Investors – This control is not performed by Xplore.

B.18 Broker exposures are monitored in accordance with client agreements and/or offer document.
Broker Investors – This control is not performed by Xplore.

B.19 Appointments of subservice organisations, including those providing asset management services are approved, subservice organisation are properly managed and their activities are adequately monitored on a timely basis.
Broker Investors – Xplore does not engage subservice organisations in performing functions for Broker services.

Investment Administration

Relevant control objectives excluded:

E.3 Portfolio transactions are recorded completely, accurately and on a timely basis.
Broker Investors – This control is not performed by Xplore.

E.12 Reconciliation between different systems, including the investment ledger, general ledger and administration system, are performed on a timely basis.
Platform & Broker Investors – This control is not performed by Xplore.

E.14 Appointments of subservice organisation, including those providing investment administration, are approved, subservice organisations are properly managed and their activities are adequately monitored on a timely basis.
Broker Investors – This control is not performed by Xplore.

E.16 Annual reports and accounts are prepared in accordance with applicable laws and regulations.
Broker Investors – This control is not performed by Xplore.

E.17 Tax policy is updated and reviewed on a timely basis.
Broker Investors – This control is not performed by Xplore.

E.20 Current and deferred tax balances in the general ledger are accurately recorded in accordance with the tax computation, and processed in a timely manner in accordance with tax policy or as agreed with clients.
Platform and Broker Investors – This control is not performed by Xplore.

Registry

Relevant control objectives excluded:

F.3 New share/unit-holder activity is clearly established and recorded completely, accurately and in a timely manner.
Broker Investors – This control is not performed by Xplore.

F.4 Share/unit-holder applications, redemptions and switches received are checked, sorted and distributed for processing in a timely manner.
Broker Investors – This control is not performed by Xplore.

F.5 Share/unit-holder transactions and adjustments are authorised, processed accurately, completely and in a timely manner.
Broker Investors – Share/unit-holder transactions are not completed by Xplore.

F.6 Cash receipts are processed accurately and banked promptly.
Platform and Broker Investors - Xplore does not accept cash deposits.

F.7 Cheques and confirmation letters issued are accurately generated, matched and authorised prior to despatch.
Platform and Broker Investors - Contribution confirmation letters are not issued to investors.

F.8 Where issued capital is fixed, the number of shares in the registry records match the number of shares on issue.
Platform and Broker Investors - As issued capital is not fixed, this control has been excluded.

F.14 Lost and stolen certificates are recorded in a timely manner.
Platform and Broker Investors - Physical certificates are not held by Xplore.

F.16 Appointments of subservice organisations, including those providing registry services, are approved, subservice organisations are properly managed and their activities are adequately monitored on a timely basis.
Broker Investors – Subservice organisations are not appointed.

F.18 Withholding tax for non-residents, or where no TFN/ABN has been provided, is calculated completely, accurately and on a timely basis.
Platform & Broker Investors – Calculations are not required.

Information Technology

Relevant control objectives excluded:

G.12 Information technology services provided to clients are approved, managed and performance thresholds met in accordance with the requirements of the client agreement.
Platform and Broker Investors - Xplore does not provide IT services

Appendix B – Information provided by GT

(i) Test descriptions

The types of tests performed of the operational effectiveness of controls detailed in the report are briefly described below:

Test	Description
Inquiry	Inquiries of appropriate staff were performed to obtain knowledge, additional information, corroborating evidence and affirmation regarding the control. As inquiries were performed for substantially all controls, this test was not listed individually for every control listed in the report.
Observation	Observed the application or existence of specific controls represented.
Inspection	Inspected documents and records indicating performance of the control.
Re-performance	Re-performed the control or processing application to test the accuracy of its operation.

In conducting our GS007 report, we have used the following sample sizes for our testing:

Frequency of control	Sample size
More than 250 occurrences	25
Less than 250 occurrences	10% of occurrences
Weekly	5
Monthly	2
Quarterly	2
Annually	1

Appendix C – Definitions

AFS licence	Australian Financial Services Licence.
ASIC	Australian Securities and Investments Commission.
Broker Investors	The full service stockbroking clients to whom Xplore provides PAS or mailbox services pursuant to an administration services agreement with the clients' broker group.
GISPN	BT Global Investment Services
Corporations Act	Corporations Act 2001 (Cth).
XWA	Xplore Wrap (formerly Federation Managed Accounts) ARSN 163 784 432, an IDPS-like, derivatives and financial assets managed investment scheme, the responsible entity of which is Trust Company (RE Services) Ltd.
GS 007 or Guidance Statement GS 007	*Guidance Statement GS 007 Audit Implications of the Use of Service Organisations for Investment Management Services* issued by the Auditing and Assurance Standards Board on 25 October 2011.
IDPS-like scheme	Investor-directed portfolio services-like scheme, operated in accordance with ASIC class order 13/762 (and prior to that, class order 02/296).
Investors	Means Platform Investors and/or Broker Investors, as the context requires.
IAS	Investment Adminisitration Services Pty Ltd ABN 86 109 199 108 AFSL 284316
MSAS	Margaret Street Administration Services Pty Ltd ABN 63 163 681 678 AFS Representative Number 440581.
Xplore	Means one or all of the Xplore Group, MSAS, and/or IAS, as the context requires.
XMA	Xplore Managed Account ARSN128 111 857, an IDPS-like, derivatives and financial assets managed investment scheme.
Model Portfolio	Means a portfolio of assets selected by an investment manager from time to time according to a stated mandate and investment objective disclosed to the Platform Investor in the investment menu for XMA/XWA. Model Portfolios are often referred to as SMAs or separately managed accounts.
GT	Means the audit firm conducting the review of this report in accordance with GS 007, namely Grant Thornton ABN 41 127 556 389.

Portal	Means the secure internet portal provided to Investors to report on and monitor their investments.
PAS	Means the portfolio administration services or mailbox services provided to Broker Investors.
Platform Investors	The investors of XMA and XWA.
Platform Service	Means the services provided to the Platform Investors as responsible entity and by the administration.