

Annexure A

TERMS OF AGREEMENT WITH INDEPENDENT EXPERT

Definitions

In addition to terms defined elsewhere in this Agreement, the following definitions apply:

AFS Licence means Australian Financial Services Licence.

Audit review means a review undertaken in accordance with clause 7(b) below and for the avoidance of doubt means a review of both the personal advice provided by the relevant Authorised Representative together with a review of the audit conducted as part of PGW's adviser audit program.

Authorised Representative has the meaning given to it by section 916A of the Corporations Act and includes current Authorised Representatives, together with those who are subsequently authorised by PGW during the Review Period.

ASIC Act means the *Australian Securities and Investments Commission Act 2001* (Cth) and includes the regulations made under that Act.

Business day means a day on which banks are open for business in Brisbane, excluding a Saturday, Sunday or public holiday in that city.

Corporations Act means the *Corporations Act 2001* (Cth).

Corporations Regulations means the *Corporations Regulations 2001* (Cth).

Enforceable Undertaking means the written undertakings dated XX June 2014, offered by PGW to ASIC

Financial Product has the meaning given to it by section 763A of the Corporations Act.

Financial Product Advice has the meaning given to it by section 766B of the Corporations Act.

Financial Services has the meaning given to it by section 766A of the Corporations Act.

Financial Services Law has the meaning given to it by section 761A of the Corporations Act.

Independent Expert means a Compliance Expert appointed in accordance with the terms of clauses 15 to 22 of the Enforceable Undertaking.

Independent Expert's Statement means the written statement provided by the Independent Expert in accordance with the terms of clause 7(f) below.

Licensee Review means a review undertaken in accordance with clause 7(a) below.

PGW means PGW Financial Services Pty Ltd ACN 123 835 441.

Relevant Period means 1 July 2012 to the date of this Enforceable Undertaking.

Remedial Action Plan means the written plan provided by PGW to ASIC in accordance with the terms of clause 26 of the Enforceable Undertaking.

Review Period means from the date of the Enforceable Undertaking to 31 August 2015, or such further period as may be caused by any extension as required by clause 26(c) of the Enforceable Undertaking.

Background

1. Under the Enforceable Undertaking PGW undertook to obtain the agreement of a compliance expert who is independent of:
 - a) PGW and its Authorised Representatives; and
 - b) had not previously provided compliance services to PGW;to be PGW's independent expert for the purposes of the Enforceable Undertaking.
2. The Independent Expert must be approved by ASIC before the Independent Expert is formally engaged by PGW.
3. At the time the approval is sought from ASIC, PGW must provide the following information to ASIC in writing:
 - a) the Independent Expert's name, position and summary of their relevant qualifications and experience; and
 - b) confirmation of the Independent Expert's independence with reference to clause 1 above.
4. The terms of engagement of the Independent Expert may only be varied with the express agreement of ASIC.

5. Upon the engagement of the Independent Expert, PGW must provide the Independent Expert with a copy of PGW's relevant compliance policies and procedures.

Obligations

6. The Independent Expert will undertake a minimum of three (3) Licensee Reviews and three (3) Audit reviews across the Review Period as follows:
 - a) the first reviews will be completed by three (3) months of the Independent Expert Engagement Date (**First Audit**).
 - b) subsequent reviews will be completed by every six (6) months after the First Review (**Subsequent Audits**).

notwithstanding the terms of subparagraph (b) above, the final review will be undertaken at the expiry of the Review Period (**Final Audit**).

7. The Independent Expert shall undertake the following tasks:

PGW Review

- a) Comprehensively review, assess and make recommendations on:
 - i) The adequacy of the human and technological resources of the PGW in relation to its advice and audit functions;
 - ii) PGW's process of assessing the competency of potential Authorised Representatives when considering appointing them; and
 - iii) each of the specific concerns identified in ASIC's letter to the PGW dated 8 October 2012, to the extent that they are not covered in clauses 7.a) i) and 7.a) ii) above.

Audit Review

- b) Review the audits conducted upon Authorised Representatives as part of PGW's compliance program during the following periods:
 - i) in the First Audit, for the preceding three (3) months; and
 - ii) in the Subsequent Audit and Final Audit, for the preceding six (6) month period.
- c) Assess and make recommendations in relation to PGW's response to the audit reports provided to it, including:
 - i) PGW's assessment and analysis of the issues identified in the audit reports;
 - ii) the remediation PGW recommend for the relevant Authorised Representatives who provided the advice and the relevant clients that received the advice; and

- iii) the interaction between the issues identified during the audit processes and the individual Authorised Representatives together with PGW's broader PGW training program.
 - d) For the avoidance of doubt, if the Independent Expert disagrees with a finding within the PGW compliance audit, or finds additional issues, these should be included in the Independent Expert's Statement.
 - e) Where a Remedial Action Plan is implemented in accordance with clause 26 of the Enforceable Undertaking, the Independent Expert is to include in their next Independent Expert's Statement, a review of the implementation and effectiveness of that Remedial Action Plan.
 - f) Within five (5) business days of completion of each Audit, or other reasonable period of time as requested by the Independent Expert, and agreed to in writing by ASIC, the Independent Expert will provide PGW and ASIC with a written statement which sets out the matters referred to in sub clauses a) to e) above.
8. PGW will provide all reasonable assistance to the Independent Expert in fulfilling the obligations set out in clauses 6 and 07 above.

Reporting

7. The Independent Expert's Statement will:
- (a) be produced in accordance with requirements specified in the Enforceable Undertaking. If there are any inconsistencies between the terms of this Agreement and the terms of the Enforceable Undertaking, the Enforceable Undertaking will prevail;
 - (b) set out any limitation or qualifications to it; and
 - (c) list those documents or extracts of documents most relevant (in the view of the Independent Expert) in producing the Independent Expert's Statement.

Independence

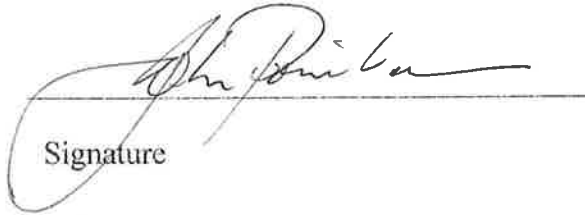
8. The Independent Expert warrants that:
- (a) he/she is independent of PGW, and will at all times be capable of exercising objective and impartial judgment;
 - (b) he/she will notify PGW and ASIC immediately if he or she is no longer capable of exercising objective and impartial judgment in relation to this engagement. This includes, but is not limited, circumstances where the Independent Expert:
 - (i) could directly or indirectly benefit from a financial interest in any company in which PGW also has an interest (where "financial

interest" refers to an interest in equity of other security, debenture, loan or other debt instrument of a company);

- (ii) is promoting, or may be perceived to promote, PGW's position or opinion to the point that objectivity and/or impartiality it is compromised;
- (iii) begins to have a close relationship with PGW;
- (iv) may be deferred from acting objectively and/or impartially by the conduct of PGW's employees; or
- (v) becomes aware of past or current circumstances the existence of which places the Independent Expert in breach of any of the warranties contained in this Agreement.

JOHN CARLOS TREVOR POINTON CFP

Independent Expert Name


Signature

09-07-2014.

Dated