

## **COURT ENFORCEABLE UNDERTAKING**

### **Superannuation Industry (Supervision) Act 1993 Section 262A**

This Court Enforceable Undertaking is given by:

**Netwealth Superannuation Services Pty Ltd**  
ACN 636 951 310 (**Netwealth**)  
of Level 6, 180 Flinders Street  
Melbourne VIC 3000

AND IS ACCEPTED BY:

**Australian Prudential Regulation Authority**  
of 1 Martin Place, Sydney NSW 2000

under section 262A of the *Superannuation Industry (Supervision) Act 1993* (Cth) (**SIS Act**).

Section 262A of the SIS Act is set out in Schedule 1.

Defined terms used in this Undertaking are set out in Schedule 2.

### **RECITALS**

- A. APRA is the prudential regulator of the superannuation industry.
- B. Netwealth is an RSE Licensee and the trustee for the Netwealth Superannuation Master Fund ABN 94 573 747 704 (**Fund**).
- C. A recent Thematic Review undertaken by APRA has given rise to Prudential Concerns about the adequacy of Netwealth's Investment Governance Framework and practices with respect to the onboarding and monitoring of Investment Options. APRA is focused on Netwealth addressing these concerns promptly and completely.
- D. This Undertaking is accepted by APRA as a means of ensuring that Netwealth uplifts its Investment Governance Framework and practices for the benefit of its members.

## BACKGROUND

### *Netwealth*

1. On 27 May 2021, Netwealth was issued an RSE Licence of the class 'public offer'. Netwealth continues to hold the RSE Licence and is the trustee for the Fund.
2. Netwealth primarily outsources the operation of the Fund to Netwealth Investments, a related body corporate of Netwealth. Netwealth Investments is a platform provider, administrator and custodian of the Fund.
3. Netwealth offers two platform superannuation products known as Super Accelerator, within which members of the Fund can choose between Super Accelerator Core and Super Accelerator Plus, and Russell Investments Super Series.

### *APRA*

4. APRA has the functions and powers set out in the *Australian Prudential Regulation Authority Act 1998* (Cth) and the SIS Act.
5. APRA's functions under s 34F of the SIS Act include encouraging and promoting the carrying out of sound practices by RSE Licensees in relation to prudential matters and evaluating the effectiveness and carrying out of those practices.

### *Relevant legal requirements*

6. Under s 34C of the SIS Act, APRA may determine prudential standards in relation to prudential matters that must be complied with by RSE Licensees. Prudential standards set out the minimum prudential requirements to be observed and form part of RSE Licensee Law. Pursuant to s 29E(1)(a) of the SIS Act, it is a condition imposed on all RSE Licensees that they comply with RSE Licensee Law.
7. Under s 262A(1) of the SIS Act, APRA may accept a written undertaking given by a person in connection with a matter in relation to which APRA has a function or power under the SIS Act, the regulations or the prudential standards. Netwealth is a body corporate who is able to give APRA an undertaking under section 262A of the SIS Act.

### *APRA's Thematic Review of Platform Trustees*

8. In 2025, APRA completed a Thematic Review of the investment governance and strategic planning and member outcomes practices of the major platform trustees, including Netwealth as trustee for the Fund. This work, outlined as a strategic priority in both APRA's 2024-25 and current Corporate Plan, sought to identify specific areas where further improvements are required to uplift investment governance frameworks and practices across the industry such that they are sufficiently robust and fit for purpose in safeguarding member outcomes.
9. On 7 October 2025, APRA issued a public letter to all platform trustees. The letter outlined APRA's high-level findings from the Thematic Review and required all platform trustees to determine any and all required actions and timing to strengthen their respective frameworks and practices and consider whether they have breached the prudential standards and obligations and inform APRA accordingly.

### *First Guardian Master Fund and repayments to affected members*

10. On around 26 March 2021, Netwealth approved each of the Diversified Class and the Growth Class of the First Guardian Master Fund (**FGMF**) as investment options available to Super Accelerator Plus members, and they became available for selection on its Platform. On 9 April 2025, the Federal Court appointed liquidators to wind up the FGMF, Falcon Capital Limited as its responsible entity, and related unregistered subsidiary funds.
11. Netwealth has reported to APRA that, as at the date of this Undertaking, 1,084 of the Fund's members are invested in the FGMF. Netwealth has reported to APRA that the amount invested in the FGMF on behalf of these members, excluding any amounts subsequently redeemed by members prior to redemptions in the FGMF being frozen on 27 May 2024, was \$100,627,603.48.
12. On 17 December 2025, Netwealth gave an undertaking to the Australian Securities and Investments Commission, which included an undertaking to implement a program to pay each member who has funds invested in the First Guardian Master Fund an amount equal to their 'Net Capital Amount', being the total amount deducted from the member's cash account in order to give effect to an investment direction to acquire FGMF units, less any amounts credited to the member's cash account following a direction to redeem FGMF units (provided that the Net Capital Amount may not be less than zero).

### **APRA'S CONCERNS**

13. APRA's Thematic Review has identified concerns regarding the adequacy of Netwealth's Investment Governance Framework. In particular, APRA is concerned about the adequacy of Netwealth's:
  - a. oversight, knowledge and due diligence of new Platform Investment Options which it makes available for members to invest in;
  - b. thresholds, triggers and controls to effectively monitor and review Platform Investment Options and ensure any performance or risk concerns are escalated and addressed appropriately and efficiently; and
  - c. management of potential conflicts of interest arising from outsourcing services to Netwealth Investments, which may impact the onboarding and monitoring of Investment Options, as well as conflicts involving third parties that operate, manage, or advise on Platform Investment Options.
14. These concerns are detailed in paragraphs 15 to 30 below.

### *Onboarding of new Investment Options*

15. APRA has identified concerns regarding Netwealth's onboarding and approval process and whether it provides Netwealth with:
  - a. adequate knowledge and understanding of new Platform Investment Options; and
  - b. adequate oversight of the onboarding due diligence being conducted by its service provider (Netwealth Investments).

16. In particular, APRA is concerned that Netwealth's Investment Governance Framework outsources practical aspects of its onboarding due diligence to Netwealth Investments without adequate review and reporting mechanisms to ensure Netwealth retains adequate oversight of Platform Investment Options made available to members.
17. APRA has also identified other key concerns regarding Netwealth's onboarding due diligence framework. APRA observed:
  - a. that, in APRA's view, Netwealth's Investment Governance Framework lacked sufficiently objective and robust criteria by which to assess the suitability of a Platform Investment Option;
  - b. examples where important due diligence considerations did not appear to have been adequately and consistently applied and considered during the onboarding of new Platform Investment Options;
  - c. examples where information provided by research and ratings agencies and investment managers did not appear to have been subject to well-documented independent analysis and scrutiny; and
  - d. broadly defined investment categories that could, in APRA's view, result in the mischaracterisation of Platform Investment Options at the point of onboarding which could impact the subsequent monitoring of those Investment Options, and other controls and strategies built into Netwealth's Investment Governance Framework.
18. APRA acknowledges that Netwealth has informed APRA that, as at the date of this Undertaking, Netwealth has:
  - a. appointed a new Executive to provide improved oversight to Netwealth's board and executive over the Investment Governance Framework and to manage continuous enhancements to the Framework;
  - b. employed a Senior Investment Analyst, to focus on Operational Due Diligence;
  - c. undertaken steps to improve transparency and consistency with how its analysts review new Investment Options, including more granular quantitative analysis of an Investment Option's past performance;
  - d. removed one research house from Netwealth's approved list of research and rating agencies; and,
  - e. committed to implementing a range of further measures to improve its onboarding and monitoring practices, including hiring additional staff and expanding its review processes.
19. Notwithstanding the commitments made by Netwealth to improve its policies and practices, APRA remains concerned by Netwealth's onboarding practices and is seeking assurance, through a review by an independent third party, that:
  - (1) Netwealth's Investment Governance Framework and practices, insofar as they relate to onboarding new Platform Investment Options, are fit for purpose; and (2) the Platform Investment Options onboarded remain suitable for members.

### *Monitoring, reporting and Triggers for review of Platform Investment Options*

20. APRA has identified concerns regarding Netwealth's monitoring and reporting framework, including:
  - a. not assessing the Performance of each Platform Investment Option on an Actual Asset Allocation basis when conducting investment Stress Testing; and
  - b. an absence of clearly defined and pre-determined Triggers for identifying or reporting Under-Performance, Out-Performance or Liquidity Risk in relation to Platform Investment Options.
21. Whilst APRA acknowledges the importance of judgement and experience in determining the ongoing suitability of Platform Investment Options, APRA is concerned that a lack of clear Triggers may impede Netwealth's identification of Platform Investment Options that should be reviewed, closed to new investment or removed from the Platform's investment menus.
22. APRA is also concerned that Netwealth's monitoring and reporting framework lacks appropriate escalation pathways, such as a watchlist, for heightened monitoring or reporting of Platform Investment Options.
23. APRA acknowledges that, as at the date of this Undertaking, Netwealth has informed APRA that it is:
  - a. reviewing and enhancing its Investment Governance Framework relating to monitoring of Platform Investment Options;
  - b. increasing its resourcing to support its investment governance and monitoring functions; and
  - c. clarifying its approach to remedial action for underperforming Investment Options.
24. Notwithstanding the improvements Netwealth has committed to make, APRA is seeking assurance that Netwealth's proposed uplift to its Investment Governance Framework will improve Netwealth's capacity to identify and escalate Under-Performing Investment Options adequately and consistently to ensure appropriate remedial action is taken.

### *Netwealth's management of conflicts of interest*

25. APRA has identified concerns with Netwealth's management of conflicts which may arise from its outsourcing arrangements with Netwealth Investments or in the course of third parties operating, managing or recommending Platform Investment Options.
26. For example, APRA is concerned that certain fee arrangements could incentivise onboarding and retention of Platform Investment Options that may not be appropriate or in the best financial interests of members. APRA's concerns regarding appropriate conflicts management are exacerbated by the level of joint directorships across the Netwealth group of companies, including across Netwealth and Netwealth Investments and their governing bodies.
27. APRA is also concerned that Netwealth's Investment Governance Framework does not adequately support the identification and management of potential conflicts that

may exist in relation to third parties who operate, manage, or advise on Platform Investment Options or recommend them for approval (such as the responsible entity, investment manager, or financial advisers).

28. APRA is seeking assurance that Netwealth has policies, practices and processes to ensure that conflicts which may impact the suitability of a Platform Investment Option are appropriately identified and adequately managed in the best financial interests of members.
29. APRA acknowledges that Netwealth has informed APRA that, as at the date of this Undertaking, Netwealth has committed to implementing a range of measures to uplift its ability to effectively manage conflicts.
30. Notwithstanding the improvements Netwealth has committed to make, APRA is seeking assurance that Netwealth's proposed uplift to its Investment Governance Framework will improve the effectiveness of Netwealth's conflicts management practices.

## UNDERTAKINGS

### *Investment Option Review*

31. By **3 February 2026**, Netwealth undertakes to:
  - a. engage an Independent Third Party, approved by APRA, to oversee an Investment Option Review and to have oversight of and active input into, the methodology applied to conduct the Investment Option Review; and
  - b. give APRA a copy of the letter of engagement between Netwealth and the Independent Third Party.
32. By **13 February 2026**, Netwealth undertakes to provide to APRA a copy of the methodology that will be applied to conduct the Investment Option Review, which has been agreed between the Independent Third Party and Netwealth.
33. By **18 February 2026**, Netwealth must commence the Investment Option Review, under which Netwealth undertakes that it will:
  - a. review all Platform Investment Options (except Excluded Platform Investment Options);
  - b. prioritise Platform Investment Options (except Excluded Platform Investment Options) with the highest Standard Risk Measure, greatest underlying exposure to Illiquid Assets, highest Tracking Error, and any other alternative suitable risk measure agreed between Netwealth and the Independent Third Party to determine higher risk Platform Investment Options; and
  - c. determine, at a minimum, for each Platform Investment Option (except Excluded Platform Investment Options):
    - i. whether continued inclusion of the Platform Investment Option is in members' best financial interests in accordance with the Best Financial Interests Duty, when considered in the context of the other Platform Investment Options;

- ii. whether any Out-Performance or Under-Performance has been appropriately identified, monitored and addressed, and whether Netwealth has undertaken appropriate review or investigation to identify the causes of such Out/Under-Performance;
    - iii. whether there has been adherence to Permitted Asset Allocations and Holding Limits, and whether Holding Limits are commensurate with the risks of the Platform Investment Option;
    - iv. whether there are Investment Risks and Liquidity Risks associated with the Platform Investment Option that have not been appropriately identified, monitored and addressed; and
    - v. whether adequate due diligence (including adequate Operational Due Diligence) has been undertaken for each Platform Investment Option.
34. By **15 May 2026**, Netwealth undertakes to provide a report to APRA outlining the findings from the Investment Option Review and outlining the actions it has taken, or will take, to address those findings (**Findings Report**). Netwealth undertakes that the Findings Report will include an attestation from an Accountable Person (or, if unavailable, a director of Netwealth) that the Investment Option Review has provided adequate assurance of the matters referred to in paragraph 33.c of this Undertaking and that the actions taken, or being taken, by Netwealth are adequate to address those findings.

#### *Investment Governance Framework Review*

35. By **3 February 2026**, Netwealth undertakes to:
- a. engage an Independent Third Party, approved by APRA, to complete the Investment Governance Framework Review Scope of Work; and
  - b. give APRA a copy of the letter of engagement between Netwealth and the Independent Third Party.
36. By **20 February 2026**, Netwealth undertakes to:
- a. procure that the Independent Third Party perform a gap analysis between Netwealth's Existing Investment Governance Framework Review and APRA's Investment Governance Framework Review Requirements.
  - b. provide APRA with a copy of the gap analysis referred to in paragraph a. above and a proposed Investment Governance Framework Review Scope of Work.
37. By **27 February 2026**, APRA will provide Netwealth with its feedback on the proposed Investment Governance Framework Review Scope of Work. Netwealth will take all reasonable steps to incorporate APRA's feedback into the Investment Governance Framework Review Scope of Work or provide a detailed rationale as to why Netwealth cannot incorporate APRA's feedback on the Investment Governance Framework Review Scope of Work.
38. By **15 May 2026**, Netwealth undertakes to:
- a. provide a draft written report to APRA:
    - i. outlining the Independent Third Party's findings with respect to each of the matters specified in the Investment Governance Review

Requirements, including any revisions to the findings set out in the Existing Investment Governance Framework Review; and

- ii. identifying the steps the Independent Third Party recommends that Netwealth take to rectify any deficiencies or make any improvements identified during the Investment Governance Framework Review (**Independent Recommendations**).
39. If requested by APRA, Netwealth must arrange and, if requested, attend a meeting between representatives of APRA and the Independent Third Party to discuss the findings set out in the draft report and the Independent Recommendations.
40. By **29 May 2026**, APRA will provide Netwealth with its feedback on the draft report. Netwealth will take all reasonable steps to ensure that the Independent Third Party addresses or responds to APRA's feedback, or provides a detailed rationale as to why the Independent Third Party cannot incorporate APRA's feedback on the draft report, and submits a final version of the report to Netwealth by **15 June 2026**.
41. By **19 June 2026**, Netwealth must provide to APRA:
- a. the final report (**Review Report**); and
  - b. an attestation from an Accountable Person (or, if unavailable, a director of Netwealth) confirming that Netwealth has provided to the Independent Third Party all relevant information and all reasonable assistance to carry out the Investment Governance Framework Review and prepare the final report.

*Role of Netwealth during the Investment Option Review and the Investment Governance Framework Review*

42. By **3 February 2026**, Netwealth undertakes to appoint an Accountable Person to oversee:
- a. the Investment Option Review; and
  - b. the Investment Governance Framework Review,
- and notify APRA of the name of the Accountable Person that has been appointed. If Netwealth appoints more than one Accountable Person under this paragraph, Netwealth undertakes to ensure that responsibilities are clearly defined and are not shared.
43. During the period that the Independent Third Party is engaged to undertake the Investment Option Review and the Investment Governance Framework Review, Netwealth undertakes to:
- a. provide all information and assistance reasonably requested by the Independent Third Party for the purpose of performing that work; and
  - b. keep the Independent Third Party informed of any material changes Netwealth makes, or is proposing to make, to the Current Investment Governance Framework, Current Stress Testing Program or the Investment Options (including increases to applicable Holding Limits), other than in respect of Excluded Platform Investment Options.



## *Uplift Plan*

44. By **3 July 2026**, Netwealth undertakes to:
- a. develop a plan which sets out: (1) the actions that have already been taken to address the Independent Recommendations; and (2) the actions it proposes to take (and the estimated time within which it proposes to take each step) to implement each Independent Recommendation (together, the **Uplift Plan**);
  - b. appoint an Accountable Person to oversee, and attest to, the adequacy and implementation of each action set out in the Uplift Plan. If Netwealth appoints more than one Accountable Person under this paragraph, Netwealth undertakes to ensure that responsibilities under the Uplift Plan are clearly defined and are not shared;
  - c. provide a copy of the Uplift Plan to APRA.
45. By **13 July 2026**, APRA will provide Netwealth with its feedback on the proposed Uplift Plan (**Uplift Response**).
46. By **24 July 2026**, Netwealth undertakes to:
- a. take all reasonable steps to incorporate APRA's Uplift Response into the Uplift Plan and produce a Final Uplift Plan or, to the extent that it is not able to incorporate APRA's Uplift Response into the Uplift Plan, provide a detailed rationale as to why that is the case;
  - b. provide a copy of the Final Uplift Plan to APRA; and
  - c. commence the Final Uplift Plan.
47. While the Final Uplift Plan is being implemented, Netwealth undertakes to provide status reports to APRA, which have been approved by an Accountable Person (or, if unavailable, a director of Netwealth), every 30 Business Days or at any other frequency as specified by APRA in writing from the date the Final Uplift Plan is provided to APRA until Netwealth has completed the actions referred to in the Final Uplift Plan.
48. Within 20 Business Days after completion of all the actions referred to in the Final Uplift Plan, or, at the latest, by 29 January 2027, Netwealth undertakes to provide APRA with:
- a. a report prepared by the Independent Third Party about the extent to which, in the Independent Third Party's opinion, Netwealth has completed the steps set out in the Final Uplift Plan and implemented each Independent Recommendation (**Independent Uplift Assessment**); or
  - b. if the Independent Third Party is unwilling or unable to provide the Independent Uplift Assessment, the correspondence between Netwealth and the Independent Third Party regarding the reasons why the Independent Third Party is unwilling or unable to provide the Independent Uplift Assessment and an attestation from an Accountable Person (or, if unavailable, a director of Netwealth) addressing the extent to which Netwealth has completed the Final Uplift Plan and implemented each Independent Recommendation.

49. Netwealth undertakes to provide all information and assistance reasonably requested by the Independent Third Party for the purpose of preparing the Independent Uplift Assessment.
50. Within 6 months of providing the Independent Uplift Assessment or attestation under paragraph 48.a. of this Undertaking, Netwealth Undertakes to provide APRA with:
  - a. a report prepared by the Independent Third Party assessing the extent to which, in the Independent Third Party's opinion, the changes implemented under the Final Uplift Plan have been effective in strengthening Netwealth's Investment Governance Framework and governance of Platform Investment Options (**Operational Effectiveness Assessment**); or
  - b. if the Independent Third Party is unwilling or unable to provide the Operational Effectiveness Assessment, the correspondence between Netwealth and the Independent Third Party regarding the reasons why the Independent Third Party is unwilling or unable to provide the Operational Effectiveness Assessment and an attestation from an Accountable Person (or, if unavailable, a director of Netwealth) addressing the extent to which they consider the changes have been effective in strengthening Netwealth's Investment Governance Framework and governance of Platform Investment Options.
51. Netwealth undertakes to provide all information and assistance reasonably requested by the Independent Third Party for the purpose of preparing the Operational Effectiveness Assessment.

#### *Further Investment Option Review*

52. Within 90 Business Days of the completion of the Independent Uplift Assessment or obtaining an attestation under paragraph 48 of this Undertaking, Netwealth undertakes to:
  - a. complete a review of all Platform Investment Options against the Revised Onboarding and Monitoring Criteria to determine whether each Platform Investment Option remains suitable for investment by members (**Further Investment Option Review**); and
  - b. provide a report to APRA outlining the findings from the Further Investment Option Review and outlining the actions it has taken, or will take, to address those findings. The report must include an attestation from an Accountable Person that the Further Investment Option Review has provided adequate assurance of the suitability of each Platform Investment Option and that the actions taken, or being taken, by the RSE Licensee are adequate to address those findings.

#### *Enhanced onboarding requirements*

53. From **12 January 2026** until Netwealth has met the requirements set out in paragraphs 31 to 49 of this Undertaking, Netwealth undertakes not to onboard any new Platform Investment Options without first:
  - a. seeking the written advice of the Independent Third Party as to the sufficiency of the onboarding process followed by Netwealth (including the level of Investment Due Diligence and Operational Due Diligence undertaken) to

onboard the new Platform Investment Option (unless it is an Excluded Platform Investment Option);

- b. ensuring that an Accountable Person (or, if unavailable, a director of Netwealth) attests to Netwealth having taken reasonable steps to ensure that the decision to onboard the new Platform Investment Option is in members' best financial interests; and
  - c. documenting the Rationale for how the onboarding of the new Platform Investment Option is in members' best financial interests.
54. Netwealth undertakes to provide APRA, within 5 Business Days of the end of each calendar month, with an attestation from an Accountable Person (or, if unavailable, a director of Netwealth) confirming compliance with the enhanced onboarding requirements outlined in paragraph 53 of this Undertaking.

#### *Other matters*

55. Netwealth undertakes to seek APRA's approval prior to:
- a. engaging the Independent Third Party;
  - b. finalising the scope of work of the Independent Third Party.
56. Netwealth undertakes to arrange and, if requested, attend a meeting between representatives of APRA and the Independent Third Party to discuss the work being undertaken for the purposes of this Undertaking.
57. Netwealth undertakes to provide the Independent Third Party with reasonable access to Netwealth's information, documentation, systems and personnel for the purposes of completing the work required by this Undertaking, subject to any applicable confidentiality obligations and Netwealth's obligations under law (including, but not limited to, under the *Privacy Act 1988* (Cth)).

#### **ACKNOWLEDGEMENTS**

58. In giving this Undertaking, Netwealth acknowledges that APRA's Prudential Concerns are reasonably held.
59. Under s 262A of the SIS Act, Netwealth has offered this Undertaking and, subject to paragraph 60, APRA has agreed to accept the Undertaking to resolve its Prudential Concerns on the condition that Netwealth has disclosed to APRA all material information concerning those matters which is known to Netwealth at the date of this Undertaking.
60. In giving this Undertaking, Netwealth acknowledges that:
- a. upon any breach by Netwealth of the terms of this Undertaking, APRA may take such regulatory action as it considers appropriate, including taking enforcement action and other regulatory responses;
  - b. this Undertaking is given voluntarily and Netwealth has obtained legal advice in relation to its obligations under (and the effect of) this Undertaking;

- c. this Undertaking in no way derogates from the rights and remedies available to any other person, entity or regulatory agency arising from any conduct described in this Undertaking or arising from any other conduct;
- d. APRA intends to:
  - i. issue a media release referring to the terms of this Undertaking;
  - ii. refer publicly to this Undertaking from time to time; and
  - iii. publish a copy of this Undertaking on its external website;
- e. if any part of this Undertaking is held to be invalid, that part shall be severed from this Undertaking and the remainder of this Undertaking will continue to be valid and enforceable;
- f. the references to provisions of Commonwealth Acts of Parliament in this Undertaking shall include references to those provisions as amended from time to time and, in the event of a repeal of any of them, any equivalent provision from time to time;
- g. for the purposes of this Undertaking, any correspondence may be sent to 1 Martin Place, Sydney, NSW 2000 and/or to the email of the General Manager, Branch 1 of the Life and Private Health Insurance and Superannuation Division of APRA; and
- h. this Undertaking may be varied at any time pursuant to s 262A of the SIS Act. Any such variation must be made in writing and authorised by an APRA General Manager or above.

## EXECUTION AND ACCEPTANCE

Executed by Netwealth Superannuation Services Pty Ltd ACN 636 951 310 in accordance with section 126(1) of the *Corporations Act 2001* (Cth) by its duly authorised delegates:



Authorised delegate



Authorised delegate

Accepted by the Australian Prudential Regulation Authority under section 262A(1) of the SIS Act by its delegate



Title: General Manager

Date: 17 December 2025

**SCHEDULE 1 - SECTION 262A OF THE SUPERANNUATION INDUSTRY (SUPERVISION)  
ACT 1993 (CTH)**

**262A Acceptance and enforcement of undertakings**

- (1) The Regulator may accept a written undertaking given by a person in connection with a matter in relation to which the Regulator has a function or power under this Act, the regulations or the prudential standards.
- (2) The person may withdraw or vary the undertaking at any time, but only with the Regulator's consent.
- (3) If the Regulator considers that the person who gave the undertaking has breached any of its terms, the Regulator may apply to the Court for an order under subsection (4).
- (4) If the Court is satisfied that the person has breached a term of the undertaking, the Court may make all or any of the following orders:
  - (a) an order directing the person to comply with that term of the undertaking;
  - (b) an order directing the person to pay to the Commonwealth an amount up to the amount of any financial benefit that the person has obtained directly or indirectly and that is reasonably attributable to the breach;
  - (c) any order that the Court considers appropriate directing the person to compensate any other person who has suffered loss or damage as a result of the breach;
  - (d) any other order that the Court considers appropriate.

## SCHEDULE 2 – DEFINED TERMS

TERM	DEFINITION
<b>Accountable Person</b>	has the meaning given by s 8 of the <i>Financial Accountability Regime Act 2023</i> (Cth)
<b>Actual Asset Allocation</b>	the current exposures, during the relevant measurement period, to the permitted asset classes set out in the investment strategy for the Platform Investment Option
<b>ADI</b>	an Authorised Deposit-Taking Institution within the meaning of s 5(1) of the <i>Banking Act 1959</i> (Cth)
<b>Annuity</b>	has the meaning given in s 10(1) of the SIS Act
<b>APRA</b>	the Australian Prudential Regulation Authority
<b>APRA's Uplift Response</b>	APRA's written feedback on the draft Uplift Plan prepared by Netwealth under paragraph 44 of this Undertaking
<b>Associate</b>	has the meaning given in s 12 of the Act and includes a related body corporate
<b>ASX</b>	the Australian Securities Exchange
<b>Australian Accounting Standards</b>	is a reference to the Australian Accounting Standards issued by the Australian Accounting Standards Board as may be amended from time to time  (As defined in the Reporting Standard)
<b>Benchmark</b>	a market index or other reference point, as specified in the investment strategy or governing documents, against which the Performance of a Platform Investment Option is measured for the purpose of assessing the achievement of investment objectives
<b>Best Financial Interests Duty</b>	the obligation under s 52(2)(c) of the SIS Act
<b>Business Day</b>	a day that is not a Saturday, a Sunday or a public holiday in New South Wales or Victoria
<b>Cash</b>	cash on hand and demand deposits, as well as cash equivalents. Cash equivalents represent short-term, high liquid investments that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of changes in value. Refer to Australian Accounting Standards  (As defined in the Reporting Standard)
<b>Cash Term Deposit</b>	money placed in an ADI for a fixed period for a stated interest rate. Includes certificates of deposits
<b>Conflicts of Interest or Duty</b>	the conflicts of interest or duties specified in s 52(2)(d) of the SIS Act, including any conflict between the interests of members and the interests of Netwealth or an Associate of Netwealth and also means the risk of conflicts of interest and duty that may exist in relation to third parties who operate, manage, advise on, or control Platform Investment Options or recommend them for approval (such as the responsible entity, investment manager or financial adviser)



TERM	DEFINITION
<b>Corporate Action Event</b>	<p>corporate events that are beyond the control of Netwealth or members of the Fund, such as:</p> <ul style="list-style-type: none"> <li>a. demergers, schemes of arrangement, takeovers and capital raising events, whereby members may hold a security but end up with a different security post the Corporate Action Event; or</li> <li>b. capital raising events such as renounceable rights issue with tradable rights and/or where members receive options via a Corporate Action Event.</li> </ul>
<b>Current Investment Governance Framework</b>	the Investment Governance Framework maintained by Netwealth, as it exists between the date of this Undertaking and the date Netwealth receives the final version of the Review Report, as amended in accordance with this Undertaking from time to time
<b>Current Stress Testing Program</b>	the Stress Testing program maintained by Netwealth under paragraphs 30 to 35 and 38 of the Investment Governance Prudential Standard, as it exists between the date of this Undertaking and the date Netwealth receives the final version of the Review Report, as amended in accordance with this Undertaking from time to time
<b>Equity</b>	<p>an ownership interest in a business, trust or partnership. Includes: common shares, preference shares and units. Excludes: units in property trusts, units in infrastructure trusts</p> <p>(As defined in the Reporting Standard)</p>
<b>Exchanges Approved by Netwealth</b>	<p>New York Stock Exchange (NYSE)  NASDAQ  London Stock Exchange (LSE)  Toronto Stock Exchange (TSX)  Euronext Paris  Deutsche Boerse  Euronext Amsterdam  Tokyo Stock Exchange (TSE)  Hong Kong Stock Exchange (HKE)  SIX Swiss Stock Exchange  Euronext Brussels  Copenhagen Stock Exchange (CSE)  Stockholm Stock Exchange  Singapore Exchange Limited (SGX)  Borsa Italiana  Bolsa De Madrid  New Zealand Stock Exchange</p>
<b>Exchange Traded Product</b>	<p>securities traded on an exchange which invest in or give exposure to one or more securities or assets. Investment objectives typically align to replicating a</p>



TERM	DEFINITION
	<p>benchmark index or the value of a commodity or currency. Common exchange traded products include exchange traded funds, mFunds, structured products and exchange traded bonds</p> <p>(As defined in the Reporting Standard)</p>
<p><b>Excluded Platform Investment Option</b></p>	<p>the following Platform Investment Options:</p> <ol style="list-style-type: none"> <li>1. Cash and Cash Term Deposits held by an ADI;</li> <li>2. Annuities offered by a Life Insurance Company;</li> <li>3. Investment Options that are:               <ol style="list-style-type: none"> <li>a. listed on the ASX or Cboe; or</li> <li>b. listed on Exchanges Approved by Netwealth and included in the top 100 securities (by market capitalisation) on the relevant exchange; or</li> <li>c. in respect of securities listed on the New York Stock Exchange (NYSE) or NASDAQ, in addition to subparagraph (b) above, also includes listed securities with a market capitalisation above USD \$4 billion,</li> </ol> <p>in each case comprising:</p> <ol style="list-style-type: none"> <li>i. Equities;</li> <li>ii. Exchange Traded Products;</li> <li>iii. Listed Investment Companies;</li> <li>iv. Shares and Units in Trusts;</li> <li>v. Investment Options that are subject to a Corporate Action Event;</li> </ol> <p>except to the extent which, based on publicly available information, these Platform Investment Options have 20% or greater exposure to Private Equity or Private Credit and are offered subject to an administrator or custodian arrangement.</p> </li> <li>d. Government or Semi-Government Bonds;</li> <li>e. Managed Models – This exclusion only applies to Managed Models whereby all of the underlying Platform Investment Options have already been approved for onboarding or for inclusion in a managed model under the enhanced onboarding requirements set out in paragraph 53 of the Undertaking.</li> </ol>
<p><b>Existing Investment Governance Framework Review</b></p>	<p>any review of its Investment Governance</p>

TERM	DEFINITION
	Framework that Netwealth has commissioned in 2025 prior to the date of this Undertaking
<b>Final Uplift Plan</b>	the final version of the Uplift Plan produced for the purposes of paragraph 46 of this Undertaking
<b>First Guardian Master Fund</b>	First Guardian Master Fund ARSN 635 429 113
<b>Fund</b>	Netwealth Superannuation Master Fund ABN 94 573 747 704
<b>Further Investment Option Review</b>	has the meaning given in paragraph 52 of this Undertaking
<b>Gap Analysis</b>	Means the gap analysis referred to in paragraph 36.a of this Undertaking
<b>Governance Arrangements</b>	the allocation of roles and responsibilities, reporting lines, role of risk management functions (including second- and third-line functions), the role of relevant committees, Netwealth's board and Accountable Persons
<b>Government or Semi-Government Bond</b>	a debt security issued by a government or semi-government institution such as a state and territory government
<b>Holding Limits</b>	the maximum proportion of a member's balance that can be invested in a single Investment Option or asset class of Investment Option
<b>Human Resources</b>	the number of people and their relative skills, capacity and experience
<b>Illiquid Assets</b>	assets that cannot, under normal market conditions, be liquidated within 30 days
<b>Independent Recommendation</b>	has the meaning given in paragraph 38 of this Undertaking
<b>Independent Third Party</b>	the suitably experienced and independent person engaged by Netwealth with the skill and experience to oversee the Investment Option Review and perform the Investment Governance Framework Review
<b>Independent Uplift Assessment</b>	has the meaning given in paragraph 48.a. of this Undertaking
<b>Investment Due Diligence</b>	the investment due diligence processes, as applicable, described in paragraph 62 of Prudential Practice Guide SPG 530 Investment Governance
<b>Investment Governance Framework</b>	has the meaning given in paragraph 11 of the Investment Governance Prudential Standard
<b>Investment Governance Framework Review</b>	a review by an Independent Third Party engaged by Netwealth that meets the Investment Governance Framework Review Requirements
<b>Investment Governance Framework Review Requirements</b>	<p>a review which assesses, having regard to the requirements of the Investment Governance Prudential Standard and the guidance in the Investment Governance Prudential Practice Guide:</p> <p>(a) the adequacy and robustness of Netwealth's Current Investment Governance Framework to manage the risks of onboarding and monitoring Platform Investment Options, including:</p>



TERM	DEFINITION
	<p>(i) the criteria by which Platform Investment Options are assessed as suitable for investment by members;</p> <p>(ii) the adequacy of the Investment Due Diligence and Operational Due Diligence that is required to be undertaken prior to onboarding a Platform Investment Option, including the adequacy of the information that is required to be obtained and assessed;</p> <p>(iii) the adequacy of any other processes for selecting Platform Investment Options and ensuring:</p> <ul style="list-style-type: none"> <li>(1) Netwealth has sufficient understanding and knowledge of each Investment Option and the matters prescribed in paragraph 24 of the Investment Governance Prudential Standard; and</li> <li>(2) that the inclusion of each Platform Investment Option is in the best financial interests of members in accordance with the Best Financial Interests Duty;</li> </ul> <p>(iv) the suitability of the Governance Arrangements for onboarding and monitoring Platform Investment Options;</p> <p>(v) the adequacy of the processes for identifying and effectively managing Conflicts of Interest or Duty, when deciding to onboard or retain a Platform Investment Option, to ensure that the interests of members are prioritised and not adversely affected by any Conflicts of Interest or Duty;</p> <p>(vi) the adequacy of the processes for approving and monitoring Holding Limits and, where applicable, Permitted Asset Allocations for each Platform Investment Option;</p> <p>(vii) the level of oversight of third party and related party service providers that are involved in the selection and monitoring of Platform Investment Options;</p> <p>(viii) the adequacy of the processes and Human Resources to monitor effectively the number and type of Platform Investment Options and their Performance;</p> <p>(ix) the appropriateness of the Triggers used to identify Under-Performance and Out-Performance, including the risk that Under-</p>

TERM	DEFINITION
	<p>Performance or Out-Performance is under or overstated;</p> <p>(x) the adequacy of the processes for:</p> <ol style="list-style-type: none"> <li>(1) escalating and rectifying Under-Performance once it is identified or persists;</li> <li>(2) identifying the drivers of Out-Performance including whether the Platform Investment Option has adhered to the Permitted Asset Allocation and other applicable limits, including Holding Limits.</li> </ol> <p>(b) the adequacy and robustness of the Current Stress Testing Program for Platform Investment Options, including whether the Current Stress Testing Program:</p> <ol style="list-style-type: none"> <li>(i) requires adequate Stress Testing prior to the approval of the Platform Investment Option for investment by members;</li> <li>(ii) is sufficient to assess the Performance of each Platform Investment Option based on the Actual Asset Allocation on at least an annual basis; and</li> <li>(iii) otherwise meets the requirements of paragraph 33 of the Investment Governance Prudential Standard</li> </ol>
<b>Investment Governance Framework Review Scope of Work</b>	the scope of work that Netwealth will engage, or has engaged, an Independent Third Party to undertake that meets the Investment Governance Framework Review Requirements
<b>Investment Governance Prudential Practice Guide</b>	Prudential Practice Guide <i>SPG 530 Investment Governance</i>
<b>Investment Governance Prudential Standard</b>	<i>Superannuation (prudential standard) determination No. 2 of 2022 Prudential Standard SPS 530 Investment Governance</i>
<b>Investment Option</b>	has the meaning given in s 1017BB(6) of the <i>Corporations Act 2001</i> (Cth)
<b>Investment Option Review</b>	the review of Platform Investment Options undertaken pursuant to paragraph 33 of this Undertaking
<b>Investment Risk</b>	the likelihood that an Investment Option will generate risk and returns materially different to its objectives, may lose value, or may not deliver expected returns due to market, credit, liquidity or other risks
<b>Life Insurance Company</b>	has the meaning given in s 10(1) of the SIS Act
<b>Liquidity Risk</b>	the inability to meet obligations as and when they fall due without incurring unacceptable losses
<b>Listed Investment Company</b>	a listed investment vehicle that offers access to a portfolio of shares



TERM	DEFINITION
	(As defined in the Reporting Standard)
<b>Listed Investment Trust</b>	an investment listed on an exchange incorporated as a trust
<b>Managed Model</b>	Platform Investment Options constructed, in accordance with Netwealth's Investment Governance Framework, by Netwealth Investments or an alternative responsible entity approved by Netwealth to be invested in by members on the advice of a financial adviser where the target risk and return parameters for each Managed Model are set and monitored by Netwealth Investments or the relevant responsible entity and reported to Netwealth
<b>Netwealth</b>	Netwealth Superannuation Services Pty Ltd ABN 80 636 951 310
<b>Netwealth Investments</b>	Netwealth Investments Limited ACN 090 569 109
<b>Operational Due Diligence</b>	an assessment of the organisational structure, governance, risk and monitoring, valuation policies and service provider oversight (such as investment manager, custodian, administrator) in relation to the Platform Investment Options
<b>Operational Effectiveness Assessment</b>	the assessment undertaken by the Independent Third Party under paragraph 50.a. of this Undertaking
<b>Out-Performance</b>	the achievement of an investment return over a specified measurement period that exceeds the return of its relevant Benchmark, target return or stated investment objective
<b>Performance</b>	the measure of how effectively the Platform Investment Option achieves its stated investment objectives over a specified measurement period, assessed by reference to returns, risk and applicable Benchmarks
<b>Permitted Asset Allocations</b>	the range or limits of asset class allocations as set out in any governance documents applicable to the Platform Investment Option (such as a fund constitution) and as described in the relevant disclosure material (such as a product disclosure statement)
<b>Platform</b>	the technology system made available by Netwealth to its members to access and direct investment in Platform Investment Options.
<b>Platform Investment Option</b>	an Investment Option that Netwealth makes available to members of the Fund on the Platform
<b>Private Credit</b>	investments in loans, placements or debt securities that are not traded through an Australian or international stock exchange
<b>Private Equity</b>	an equity holding that is not traded through an Australian or international stock exchange
<b>Prudential Concerns</b>	the matters specified in paragraphs 13 to 30 of this Undertaking
<b>Rationale</b>	includes how the attributes of the Platform

TERM	DEFINITION
	Investment Option (including objectives, risks, and fees) enhance, and do not detract, from the Platform Investment Options currently available for investment by members
Reporting Standard	<i>Financial Sector (Collection of Data) (reporting standard) determination No. 3 of 2025 Reporting Standard SRS 101.0 Definitions of Superannuation Data Collections</i>
Review Report	means the report referred to in paragraph 41.a.
Revised Onboarding and Monitoring Criteria	Netwealth's documented and approved criteria in effect at the time the Further Investment Option Review is undertaken, which Netwealth applies to determine whether an Investment Option should be included or retained on the Platform
RSE Licence	a licence granted under s 29D of the SIS Act
RSE Licensee	a constitutional corporation, body corporate, or group of individual trustees, that holds an RSE Licence
RSE Licensee Law	has the definition as provided for in s 10(1) of the SIS Act
Securities	a financial instrument representing ownership, debt or other rights that can be traded on an open market
Shares and Units in Trusts	shares in companies and securities which are similar to equity that reflect ownership of part of a trust rather than a company  (As defined in the Reporting Standard)
SIS Act	the <i>Superannuation Industry (Supervision) Act 1993</i> (Cth)
Standard Risk Measure	the risk band allocated to reflect the estimated number of negative annual returns over any 20-year period
Stress Testing	undertaking a forward-looking assessment of the expected Performance of a Platform Investment Option under a range of severe, but plausible adverse scenarios. The stress parameters would be considered to potentially create extraordinary losses or make the control of risk within accepted tolerance level in the investment strategy difficult.
Thematic Review	a thematic review conducted by APRA during 2025 of the investment governance and strategic planning and member outcomes practices of the major platform trustees, including Netwealth
Tracking Error	the statistical measure used to quantify the degree to which the returns of a Platform Investment Option deviate from its stated Benchmark or reference portfolio
Triggers	the established parameter/tolerance threshold used to indicate where Performance, stress or risks are approaching unacceptable levels potentially leading to expected outcomes not being achieved. Activation of Triggers may prompt additional actions by Netwealth



TERM	DEFINITION
<b>Under-Performance</b>	the occurrence of an investment return over a specified measurement period that is less than the return of its relevant Benchmark, target return or stated investment objective
<b>Undertaking</b>	means this court enforceable undertaking offered by Netwealth and accepted by APRA under s 262A of the SIS Act
<b>Uplift Plan</b>	the plan prepared by Netwealth for the purposes of paragraph 44 of this Undertaking