



McGrathNicol

Receivers and Managers' Supplementary Report regarding Surrender Rebates and interest

Court	Federal Court of Australia
Proceeding	WAD 13 of 2024
Plaintiff	ASIC
Defendant	Brite Advisors Pty Ltd

1 August 2025

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Glossary

Term	Meaning
\$'000	Thousands of Australian Dollars
9 November Orders	Court orders dated 9 November 2023 in Federal Court Proceedings WAD 262 of 2023 as varied by subsequent orders
13 December Orders	Court orders dated 13 December 2023 in Federal Court Proceedings WAD 262 of 2023
13 December 2023 Data	The updated Raw Data which reports the value of each Beneficiaries' investment that they ought to have had with Brite Advisors as at 13 December 2023
21 December Orders	Court orders dated 21 December 2023 in Federal Court Proceedings WAD 262 of 2023
6 February Orders	Court orders dated 6 February 2024 in Federal Court Proceedings WAD 262 of 2023 and WAD 13 of 2024
5 June Orders	Court orders dated 5 June 2024 in Federal Court Proceedings WAD 13 of 2024
2 September Orders	Court orders dated 2 September 2024 in Federal Court Proceedings WAD 13 of 2024
29 October 2024 Orders	Court orders dated 29 October 2024 in Federal Court Proceedings WAD 13 of 2024
7 May 2025 Orders	Court orders dated 7 May 2025 in Federal Court Proceedings WAD 13 of 2024
ACN	Australian Company Number
Act	Corporations Act 2001 (Cth)
Addendum to the Supplementary Explanatory Memorandum	The Receivers' Addendum to the Supplementary Explanatory Memorandum to the Federal Court of Australia dated 10 April 2025
ASIC	Australian Securities and Investment Commission
AUD / AU\$ / \$	Australian Dollar
BA Holdings	Brite Advisory Holdings Limited
Beneficiaries / Beneficiary	Individuals whose superannuation and pension funds are under management by Brite Advisors
Brite Group	Brite Hong Kong Limited (formerly Genesis Investment Management Limited) (Hong Kong Company number 16332233)
Brite Advisors	Brite Advisors Pty Ltd (AUS) (Company number 135 024 412)
Brite Group	BHKL and its subsidiaries and related/associated entities including Brite Advisors
c.	circa
Client AuM or Trust Assets	Client assets under management by Brite Advisors, being all property, assets and undertakings held by Brite Advisors on trust for another
Corporate Trustees	Pension scheme administrators (in their capacity as the representatives appointed by trustees of pension schemes) purportedly acting on behalf of the Beneficiaries
Court	Federal Court of Australia
Court Orders	9 November Orders, 13 December Orders, 21 December Orders, 6 February Orders, 5 June Orders, 21 August Orders, 2 September Orders, 29 October 2024 and 7 May 2025 Orders

Term	Meaning
Deficient Mixed Fund	Comprising the assets set out at section 2.1.2 of the Receivers' Explanatory Memorandum to the Federal Court of Australia dated 4 December 2024
DeVere Group	DeVere Group Limited
DeVere SA	DeVere Investments South Africa Pty Ltd
Distribution Methodology Application / Distribution Methodology	The application the Receivers filed with the Court, following a consultation period with interested parties, which asks the Court to approve the Receivers' proposed method of distributing the Client AuM
Disputes Hearing	Surrender Rebate dispute and interest dispute hearing listed for hearing on Monday 15 September 2025
Directors	The directors of Brite Advisors, being Keith Sedergreen, Dean Clarke and John Lymer
Exit Fee	A fee charged by Brite Advisors to a Beneficiary upon exiting the Brite Platform within five years of investment
Explanatory Memorandum	The Receivers' Explanatory Memorandum to the Federal Court of Australia dated 4 December 2024
Framework Distribution Orders	Court orders dated 2 September 2024 in Federal Court Proceedings WAD 13 of 2024
Fifth Report	The Receivers' report to the Federal Court of Australia dated 4 December 2024
Fourth Report	The Receivers' report to the Federal Court of Australia dated 9 August 2024
GBP	Great British Pound
i-Convergence	i-Convergence Ltd
IB Accounts	Identified accounts held by Brite Advisors with IBA
IBA	Interactive Brokers Australia Pty Ltd
IBHK	Interactive Brokers Hong Kong Limited
Interactive Brokers / IB	IBA, IBHK and affiliates
Interim Fund Manager	BML appointed as interim fund manager
Investigative Accountants	Linda Smith and Robert Kirman of McGrathNicol in their former capacity as investigative accountants of Brite Advisors
Liquidators	The Liquidators of Brite Advisors, being Linda Smith and Rob Kirman
m	Millions
Managed Portfolio Fees	Identified accounts held by Brite Advisors with IBA
Proceedings	Federal Court of Australia proceedings WAD 262 of 2023 and WAD 13 of 2024
Prior Reports	Collectively, the Fourth Report, Fifth Report, Explanatory Memorandum and Supplementary Explanatory Memorandum
Property	The property of Brite Advisors as defined in the 13 December Orders
Receivers	The Receivers and Managers of the Trust Assets, being Linda Smith and Rob Kirman of McGrathNicol
Report	This report dated 1 August 2025
SalesForce	SalesForce, Inc.

Term	Meaning
Surrender Rebate	A loan offered by Brite Advisors to allow Beneficiaries to discharge the surrender fee payable to their outgoing pension fund
Supplementary Explanatory Memorandum	The Receivers' Supplementary Explanatory Memorandum to the Federal Court dated 25 March 2025
Trust Assets	The property, assets and undertakings held by Brite Advisors on trust for another
UK	United Kingdom
US / USA	United States / United States of America
USD\$'000	Thousands of United States Dollars
USD\$m	Millions of United States Dollars
USD / USD\$	United States Dollar
Valuation Notice	A notice released to each Beneficiary via Salesforce which sets out investments/money Brite Advisors should have held at 13 December 2023 for that Beneficiary
Verified Entitlement	The entitlement of each Beneficiary as calculated and verified in accordance with the Court Orders dated 2 September 2024

Source: McGrathNicol

1 Introduction

1.1 Purpose of this report

- 1.1.1 Linda Smith and Rob Kirman, Partners of McGrathNicol, were appointed to act as Receivers pursuant to orders of the Federal Court of Australia made on 13 December 2023 in the Proceedings (refer **Document 01**).
- 1.1.2 Since their appointment on 13 December 2023, the Receivers have taken steps to secure and preserve the Client AuM and determine Beneficiaries' entitlements. In parallel, the Receivers have continued investigations into the conduct of Brite Advisors prior to their appointment.
- 1.1.3 The Receivers have filed the following reports and orders with the Court which are relevant to this Report:
 - (a) Fourth Report to the Court dated 9 August 2024 (refer **Document 02**);
 - (b) Fifth Report to the Court dated 4 December 2024 (refer **Document 03**);
 - (c) Explanatory Memorandum dated 4 December 2024 (refer **Document 04**);
 - (d) Supplementary Explanatory Memorandum dated 25 March 2025 (refer **Document 05**);
 - (e) Addendum to the Supplementary Explanatory Memorandum dated 10 April 2025 (refer **Document 06**); and
 - (f) A minute of proposed orders setting out the orders that the Receivers propose the Court makes to give effect to our recommended Distribution Methodology (refer **Document 07**).
- 1.1.4 The Receivers have made the following determinations in respect of Surrender Rebates and interest:
 - (a) Order 9(b) of the Framework Distribution Orders provides that the Receivers can set-off positive balances and investment values held by a particular Beneficiary against negative account balances or debts incurred by the same Beneficiary. The Receivers propose in the Distribution Methodology Application that Surrender Rebates should be treated as a negative account balance in accordance with this order, and as a result, outstanding Surrender Rebates should be deducted from Beneficiaries' Valuation Notices. The aggregate value of all Surrender Rebates for all Beneficiaries is USD\$16.5m; and
 - (b) The Receivers are not aware of any contractual agreements that Brite Advisors had in place with any Corporate Trustees or directly with any Beneficiaries that provided an express entitlement to receive interest on their cash holdings. Prior to the appointment of the Receivers, none of the Beneficiaries had any interest credited to their portfolios by Brite Advisors, and as a result, the Receivers have determined not to amend the 13 December 2023 Data to 'add' interest retrospectively.
- 1.1.5 In line with the Framework Distribution Orders, Beneficiaries had 21 days from the date their Valuation Notice was made available to them to either accept or dispute their Valuation Notice.
- 1.1.6 39 Beneficiaries (with a total aggregate entitlement of USD\$14.8m in value) have raised a dispute in respect of the deduction of a Surrender Rebate from their Valuation Notice. The aggregate value of the Surrender Rebates of these Beneficiaries is USD\$0.6m.
- 1.1.7 Six Beneficiaries (with a total aggregate entitlement of USD\$2.6m in value) have raised a dispute in respect of interest (or lack thereof) in their portfolio. No precise calculation of interest has been carried out for these Beneficiaries, however, three of the six Beneficiaries quantified their own claim to interest (with varying assumptions), which equates to USD\$120,000 in total.
- 1.1.8 The Receivers have advised Beneficiaries that they consider disputes in respect of the treatment of Surrender Rebates and interest to be not well founded. However, some Beneficiaries indicated to the Receivers that they wanted the issues brought before the Court, as they disagreed with the Receivers' determination.
- 1.1.9 The Receivers determined to bring the matters to the Court's attention in a streamlined way, rather than Beneficiaries being required to do so themselves. Ultimately, the Court listed a half-day hearing on Monday, 15 September 2025 at 9am AWST / 10.30am ACST to consider the Surrender Rebate and interest disputes (**Disputes Hearing**).
- 1.1.10 The purpose of this Report is to provide the Court, and the Beneficiaries, with further details around Surrender Rebates, interest and the nature of the disputes raised in respect of those matters, ahead of the Disputes Hearing.
- 1.1.11 This Report should be read in conjunction with the Prior Reports, however to assist the reader, in some cases we have restated certain facts and information rather than cross referencing to Prior Reports.

- 1.1.12 This Report is limited to factual circumstances. The Receivers' view in respect of the treatment of Surrender Rebates and interest and the legal arguments underpinning the Receivers' proposed approach in respect of those matters are outlined in their written submissions, also filed on 1 August 2025 with the Court.

1.2 Books and records and limitations of Report

- 1.2.1 The books and records that the Receivers have had regard to in preparing this Report are set out in **Appendix A** to this Report and, where appropriate, specifically identified throughout the relevant sections.
- 1.2.2 The Receivers have issued several requests to the Directors to provide the complete books and records of Brite Advisors. In addition, the Court made orders requiring the Directors to provide the Receivers with unfettered access to the books and records of Brite Advisors in accordance with the 21 December Orders. As the Receivers have previously reported, the Directors have not responded to the Receivers' information requests in a substantive way and have not adequately complied with the 21 December Orders.
- 1.2.3 In this Report, where the Receivers refer to their knowledge, information or belief as being based on having reviewed the books and records of Brite Advisors, they are referring to the information provided by the Directors and/or sourced from the client systems as set out in section 4.8 of the Fourth Report.
- 1.2.4 Limitations in respect of the books and records have been addressed in Prior Reports.

1.3 Structure of Supplementary Report

- 1.3.1 The remainder of this Supplementary Report is structured as follows:
- (a) Section 2 - Surrender Rebates
 - (b) Section 3 - Interest

1.4 Disclaimer

- 1.4.1 The information contained in this Report has been prepared on the basis of the documents listed in **Appendix A**. The documents used in support of our findings are identified throughout the Report.
- 1.4.2 We have not carried out an audit, nor have we verified any of the information provided to us, except where expressly stated. We have disclosed the source materials and/or assurances relied upon throughout this Report.
- 1.4.3 The information in this Report does not include all possible or relevant information in relation to the matters investigated. In issuing this Report, we are not certifying that we have identified all relevant events and information. We have sought to identify all significant events from the information provided but provide no assurance that all such significant events and information have been identified.
- 1.4.4 For ease of review, the financial information is presented in US Dollars (**USD**) unless otherwise specified. The figures presented are sensitive to movements in foreign currency exchange rates and therefore may change subject to the source and timing of currency conversion.

2 Surrender Rebates

Key Findings

- Beneficiaries seeking to roll over their pension assets from a prior pension provider to Brite Advisors would be charged a surrender or exit fee by the prior pension provider. This fee would be deducted from the value of the pension assets at the time of roll over, such that the pension assets received by Brite Advisors on behalf of that Beneficiary were reduced by the fee.
- Brite Advisors offered Beneficiaries in these circumstances what essentially amounted to an interest free loan to “top up” the rolled over investment by the amount of the surrender or exit fee charged by the prior pension provider. This arrangement did not attract interest and was repayable by the Beneficiary to Brite Advisors in monthly instalments (by way of deduction from the value of the Beneficiary’s pension assets) over a 10 year period. This arrangement was referred to within Brite Advisors as a ‘Surrender Rebate’.
- Those Beneficiaries who opted to take advantage of this option signed a document setting out the terms of the Surrender Rebate, including repayment terms. Of the current Beneficiaries invested with Brite Advisors, 1,107 Beneficiaries in number (or 54% of the total population) and USD\$444.7m in value (or 60% of the total Client AuM) have a balance owing to Brite Advisors in respect of a Surrender Rebate. The total amount repayable to Brite Advisors collectively in respect of Surrender Rebates as at 13 December 2023 is USD\$16.5m.
- While regular Surrender Rebate repayments were recorded in Brite Advisors’ transaction data and shown on Beneficiary statements in Salesforce, Brite Advisors did not make the balance of the Surrender Rebate readily available to Beneficiaries.
- If the Surrender Rebate liability is not deducted from individual Valuation Notices, (i) the entitlements of Beneficiaries with Surrender Rebates will be inflated by amounts those Beneficiaries did not contribute to Brite Advisors, (ii) all Beneficiaries will be required to share the burden of the Surrender Rebate amount of USD\$16.5m proportionately to their entitlement, and (iii) Beneficiaries with Surrender Rebates will enjoy the benefit of money they did not contribute, while Beneficiaries without Surrender Rebates would suffer a further shortfall.

2.1 What are Surrender Rebates

- 2.1.1 Beneficiaries were often charged a fee by their prior pension fund manager to leave their prior fund and join Brite Advisors. Those fees would be deducted from the Beneficiary’s investment portfolio by the prior fund manager, before transferring the net funds to Brite Advisors.
- 2.1.2 Brite Advisors effectively offered a loan, typically repayable over a 10 year period, to allow Beneficiaries to invest the whole amount of their existing pension investment with Brite Advisors (i.e. to cover the fee charged by the prior fund manager for leaving). This arrangement was referred to within Brite Advisors as a ‘**Surrender Rebate**’. Surrender Rebates were used entirely on an ‘opt in’ basis. Those Beneficiaries who did choose to take advantage of this option signed a contractual document setting out the terms of the arrangement, including repayment terms. Examples of these documents are outlined at section 2.6 of this Report.
- 2.1.3 Brite Advisors would essentially ‘top up’ a Beneficiary’s rolled over investments from their outgoing pension fund by the Surrender Rebate amount, and Brite Advisors would record this amount as owing by the Beneficiary to Brite Advisors. The amount owing under the Surrender Rebate did not attract interest and was typically repayable by Beneficiaries to Brite Advisors in equal monthly instalments over a 10 year period.
- 2.1.4 If a Beneficiary were to leave Brite Advisors before they had repaid the Surrender Rebate in full, the contractual terms provided that Brite Advisors could re-coup the amount still owing from the Beneficiary’s portfolio, before transferring the net amount to the Beneficiary’s new portfolio manager.
- 2.1.5 As set out in detail at section 4.6 of the Fourth Report, the Receivers understand Brite Advisors funded Surrender Rebates provided to Beneficiaries via draw downs on the margin loan facility.
- 2.1.6 If a Beneficiary selected to take a Surrender Rebate, it appears the following occurred:

- (a) The Beneficiary's prior fund manager calculates the fees they are entitled to charge when a member leaves their fund and levies those charges before transferring the net cash to Brite Advisors;
- (b) Brite Advisors receives the funds (net of the fees the prior fund charged) into its bank account;
- (c) Brite Advisors (i) credits the Beneficiary's Brite Advisors portfolio for the cash received (labelled a "Deposit" in Salesforce), and (ii) credits the Beneficiary's Brite Advisors portfolio in the amount the prior fund charged the Beneficiary to exit (labelled a 'Surrender Rebate' in Salesforce). That is, Brite Advisors creates a book entry which increases the Beneficiary's cash balance in their portfolio with Brite Advisors. This is the Surrender Rebate;
- (d) Brite Advisors then (generally) proceeds to action dealing instructions and invests in securities. In order to fund the purchase of securities, Brite Advisors uses the cash deposited and a drawdown on the margin loan in respect of the portion of the cash balance notionally increased by the Surrender Rebate amount; and
- (e) The Surrender Rebate is re-paid over (typically) 10 years, in equal monthly instalments by way of a Surrender Rebate Fee which is systematically debited by Brite Advisors from the Beneficiaries' cash balance.

2.1.7 As shown in the example below, the original Surrender Rebate amount and the monthly repayment fees charged where shown in Salesforce. However, Brite Advisors did not make the balance of the Surrender Rebate (i.e. the initial amount less amounts repaid over time) visible in Salesforce or readily available to Beneficiaries.

	Transaction Number	Transaction Date	Description	Amount
1	T-001359284	21/08/2020	Surrender Rebate	GBP 127,668.46
2	T-001359296	21/08/2020	Initial Deposit	GBP 1,799,176.48
3	T-001359273	31/08/2020	Surrender Rebate Recharges 2020 08	GBP -1,063.90

2.2 Beneficiaries with Surrender Rebates

2.2.1 As set out in the table below, of the Beneficiaries who have a current claim against Brite Advisors, (i) 1,107 Beneficiaries in number (or 54% of all Beneficiaries) and (ii) USD\$444.7m in value (or 60% of the total Client AuM) have Surrender Rebate loans outstanding totalling circa USD\$16.5m:

Impact of Surrender Rebate treatment on Beneficiaries (USD \$'m)				
C-number	Number of beneficiaries	Beneficiary entitlements at 13 Dec-13	Surrender Rebate Balance	Net Beneficiary entitlements at 13 Dec-23
Beneficiaires <u>with</u> SR's	1,107	461.2	(16.5)	444.7
Beneficiaires without SR's	955	300.8	-	300.8
Total	2,062	762.0	(16.5)	745.5

Note: The Surrender Rebate figure has reduced by USD0.2m as compared to the figure in the Growth Report dated 23 July 2025, as a result of changes to Beneficiary entitlements explained at section 2.4 of that report.

2.2.2 Beneficiaries with Surrender Rebates largely have STM Malta Pensions Service Limited as their Corporate Trustee, however, the matter is relevant to the majority of Corporate Trustees, as set out in the table overleaf:

Surrender Rebates - 13 December 2023

Trustee	Surrender Rebate (USD \$'m)	%	Number of Financial Accounts	%
STM Malta Pension Services Limited	(9.71)	59%	531	45%
Relay Administration Limited	(1.13)	7%	174	15%
Relay Direct Investment	(1.25)	8%	110	9%
MC Trustees (Malta) Ltd	(0.84)	5%	76	6%
PSG SIPP Limited	(1.17)	7%	75	6%
Sovereign Trust International Limited	(0.37)	2%	65	6%
Praqxis Pres Malta (Tirreme Pension Services (Malta) Limited)	(0.72)	4%	37	3%
Sovereign Pension Services Limited	(0.33)	2%	33	3%
The Pensioneer Trustee Company (Guernsey) Ltd	(0.39)	2%	29	2%
IFGL Pensions Limited	(0.41)	3%	19	2%
Sovereign Trust (Guernsey) Limited (CI Limited)	(0.05)	0%	17	1%
London & Colonial Services Limited	(0.09)	1%	4	0%
Mattioli Woods	(0.00)	0%	2	0%
Global Fiduciary Solutions Limited	(0.00)	0%	1	0%
Concept Group Limited	(0.00)	0%	1	0%
The Boal and Co (Pensions) Limited	-	0%	-	0%
Total	(16.48)	100%	1,174	100%
Number of unique Beneficiaries			1,107	

2.3 Nature of fees charged to leave a prior fund

- 2.3.1 The Receivers have not investigated the nature of the fees, charges or other costs which were levied on Beneficiaries' portfolios by their previous pension fund, prior to cash transfers being paid to Brite Advisors, noting the fees were levied by a third party.
- 2.3.2 It is important to note that the 'Surrender Rebate' is separate to the fees, charges or other cost which the prior fund manager may have charged. The prior pension fund deducted those amounts from Beneficiaries' liquidated portfolios, before transferring the net cash to Brite Advisors. The 'Surrender Rebate' is an initiative offered by Brite Advisors to 'top up' portfolios which was intended to act as an incentive to move to Brite Advisors.

2.4 Receivers' proposal in the Distribution Methodology

- 2.4.1 As set out at section 3 of the Explanatory Memorandum, in calculating Beneficiaries' entitlements, the Receivers, in accordance with Order 9(b) of the Framework Distribution Orders, are permitted to set-off positive balances and investment values held by a particular Beneficiary against negative account balances (i.e. overdrawn cash or Surrender Rebate liabilities) incurred by the same Beneficiary.
- 2.4.2 A Beneficiary's entitlement is the value of investments and cash which Brite Advisors should have held for them as at 13 December 2023.
- 2.4.3 To the extent a Beneficiary has not repaid their Surrender Rebate, the Receivers propose that the balance of the Surrender Rebate loan will be a deduction in the calculation of the Beneficiary's total entitlement.
- 2.4.4 Beneficiaries' entitlements, as shown in their Valuation Notice on Salesforce, are net of the Surrender Rebate which remains payable.

2.5 Nature of disputes raised in respect of Surrender Rebates

- 2.5.1 39 Beneficiaries in number (with a total entitlement of USD\$14.8m in value) have raised a dispute in respect of their Surrender Rebates (with a total aggregate value of USD\$0.6m), claiming that their outstanding Surrender Rebate loan should not be set-off as a negative account balance.

- 2.5.2 The Surrender Rebate disputes can be found in the following locations:
- (a) 36 disputes are located at Tab 2 of Linda Smith's Affidavit dated 11 February 2025; and
 - (b) 3 disputes are located at **Document 08** of this Report.
- 2.5.3 In addition to formal disputes raised, the Receivers have also received a large number of general enquiries in relation to Surrender Rebates.
- 2.5.4 The key themes of the Surrender Rebate disputes advanced by Beneficiaries and Corporate Trustees are summarised below:
- (a) Several Beneficiaries have advised that, in their opinion, there are no terms in the documentation they entered into which set out the position if Brite Advisors exited the arrangement earlier than the 10 year period, rather than the Beneficiary being forced to exit the arrangement as a result of the Receivership. Several Beneficiaries have argued that they consider Brite Advisors has breached its obligations to the Beneficiary by not allowing sufficient time to repay the Surrender Rebate over a full 10 years;
 - (b) Several Beneficiaries have mistaken the Surrender Rebate as an 'exit fee' which Brite Advisors is supposedly charging them to leave Brite Advisors;
 - (c) Several Beneficiaries have advanced a position that, since the Surrender Rebate loans were repayable over 10 years, if they are to be off-set for the purposes of calculating entitlements in circumstances where the term had not yet expired as at 13 December 2023, there should be an adjustment to the amount to be offset to account for the time value of money;
 - (d) The investment guidelines for certain QROPS explicitly prohibit loans to members which would prevent the set off of the Surrender Rebate; and
 - (e) Certain Beneficiaries claim they were 'forced' to leave their prior pension fund when Brite Advisors acquired that fund, and as a result the Surrender Rebate is not repayable.
- 2.5.5 The Receivers make the following observations in respect of the Surrender Rebate disputes raised:
- (a) None of the matters raised contradict the Receivers' understanding that the Surrender Rebates increase the cash available to those Beneficiaries for investment above that which was actually contributed by them to Brite Advisors;
 - (b) A number of the disputes acknowledge the arrangement which was entered into and only dispute the appropriate course if it is Brite who 'exits' the arrangement rather than the Beneficiary. A Corporate Trustee has also raised that the investment guidelines for its QROPS explicitly prohibits loans to members and that had the arrangement been properly understood by the Corporate Trustee as effectively offering a loan, it would have been rejected as a clear breach of investment guidelines;
 - (c) Beneficiaries have argued against the repayment of the Surrender Rebate and the deduction of the liability from total entitlements/Valuation Notices. However, none of the disputes have addressed the inconsistency which arises if the Receivers were to forgive the liability without also making an adjustment to remove the uplift in valuation they received in the first instance as a result of receiving the 'top up' at the time they moved to Brite Advisors.

2.6 Brite Advisors' documentation around Surrender Rebates

- 2.6.1 At section 4.3 of the Fourth Report, the Receivers set out that:
- (a) The Receivers undertook a detailed review of all available contractual documentation between Brite Advisors and the Corporate Trustees and contractual documentation between Brite Advisors and 66 Sampled Beneficiaries; and
 - (b) It is difficult to draw general conclusions as to the contractual terms governing the relationship between Brite Advisors and the Corporate Trustees and, in turn, the Beneficiaries, due to the deficiencies in the available books and records as well as the lack of consistency in terms across both the global Beneficiary group and within geographical Beneficiary groups.

- 2.6.2 At section 4.3.12 of the Fourth Report, the Receivers set out the agreements which the Receivers understand were to document the terms of the arrangements between the Corporate Trustees, Beneficiaries and Brite Advisors in respect of the management of the Client AuM.
- 2.6.3 The documents which refer to Surrender Rebates, and the examples referred to in the Fourth Report, are set out again below:
- (a) documents seemingly between Brite Advisors and Corporate Trustees, including:
 - (i) Platform Agreements (refer example at **Document 09**).
 - (b) documents which were issued by Brite Advisors and completed by the Beneficiaries, including:
 - (i) Client Fees and Advisor Compensation Form which incorporate by reference the Discretionary Fund Management Terms and Conditions issued by Brite Advisors and completed by the Beneficiaries (refer example at **Document 10**); and
 - (ii) Managed Portfolio Application Agreements (refer example at **Document 11**).
 - (c) documents which were issued by the Beneficiaries' financial advisors and completed by the Beneficiaries, including:
 - (i) Investment Advisory Agreements (refer example at **Document 12**).
- 2.6.4 The typical terms and conditions which are included in the above-mentioned documents, as they relate to Surrender Rebates, are set out below:

Document	Terms and conditions regarding Surrender Rebates
Platform Agreement	<p>This form refers to the Surrender Rebates in one section entitled 'Refunding and Recharging', which sets out the following:</p> <ul style="list-style-type: none"> ▪ <i>"If the Beneficiary is transferring from another platform provider, tax wrapper, or other financial instrument, they may be subject to exit penalties on that product. The Discretionary Account Manager offers the opportunity to bridge those exit penalty fees over a period of years through our refund and recharge scheme. Using the credit facility that the Discretionary Account Manager uses under the Interactive Brokers Agreement, we may raise debt equivalent to the amount of the surrender charges on previous products, so as to refund Beneficiary losses and ensure that they have full allocation in their Managed Portfolio on the Brite Advisors Platform. They will then be recharged automatically by the Discretionary Account Manager over an agreed term in their Platform Agreement, consequently repaying the debt amount over a number of years instead. The Discretionary Account Manager will be responsible for paying the interest on the credit facility. The Beneficiary's Financial Advisor will discuss this opportunity with them and the consequences of using this scheme. This allows Beneficiaries to move their investments to the Brite Advisors Platform with full allocation of cash and assets. Please refer to Risk Warnings in this Platform Agreement to understand that there is no guarantee on performance. Please be aware that the Beneficiary's assets within their Managed Portfolio will be pledged against the debt raised in our credit facility and may be deducted in part or in full, at any time from their Managed Portfolio."</i>
Client Fees and Advisor Compensation	<p>This form refers to the Surrender Rebates in two instances:</p> <ul style="list-style-type: none"> ▪ A box to populate the Beneficiaries' Surrender Rebate amount, which says <i>"Clients repay the outstanding surrender fees if they exit within 120 months"</i>. ▪ A full page titled "Surrender Fee Illustration" which uses an example amount to show how the Surrender Rebate is re-paid over a period of time. This page includes a signing block for the Beneficiary and their advisor with the following declaration: <ul style="list-style-type: none"> ○ <i>"I hereby acknowledge the above details to be correct and I have read and received a copy of the Discretionary Fund Management Terms and Conditions. I am aware of all fees, charges and penalties associated with the investments made on my behalf and I accept all the terms and conditions therein. I understand that my surrender charge will be recouped over 120 months as illustrated above."</i>
Managed Portfolio Application – Terms and Conditions	<p>This form refers to the Surrender Rebates in three instances:</p> <ul style="list-style-type: none"> ▪ An 'office use only' box to populate the Beneficiaries' Surrender Rebate amount and period; ▪ A fee structure box outlining the Beneficiaries' Surrender Rebate details; and ▪ A section entitled "Refunding and Recharging", which sets out the following: <ul style="list-style-type: none"> ○ <i>"If you are transferring from another platform provider, tax wrapper, or other financial instrument, you may be subject to exit penalties on that product. The Discretionary</i>

	<p><i>Account Manager offers the opportunity to bridge those exit penalty fees over a period of years through our refund and recharge scheme. Using the credit facility that the Discretionary Account Manager uses under the Interactive Brokers Agreement, we may raise debt equivalent to the amount of the surrender charges on previous products, so as to refund Beneficiary losses and ensure that they have full allocation in their Managed Portfolio on the Brite Advisors Platform. They will then be recharged automatically by the Discretionary Account Manager over an agreed term in their Platform Agreement, consequently repaying the debt amount over a number of years instead. The Discretionary Account Manager will be responsible for paying the interest on the credit facility. Your Financial Advisor will discuss this opportunity with you and the consequences of using this scheme. This allows you to move your investments to the Brite Advisors Platform with full allocation of cash and assets. Please refer to Risk Warnings in this Platform Agreement to understand that there is no guarantee on performance. Please be aware that your assets within your Managed Portfolio will be pledged against the debt raised in our credit facility and may be deducted in part or in full, at any time from your Managed Portfolio."</i></p>
Investment Advisory Agreements	<p>This form refers to the Surrender Rebates in a section titled "Acknowledgement of Omnibus Account Usage and Risks", which sets out the following:</p> <ul style="list-style-type: none"> ▪ <i>Margin. Clients may incur a surrender charge upon exiting a portfolio bond ("exit fee") in order to transfer to the Brite Platform. To help mitigate the cost of such exit fees, PTY has agreed for a limited time to rebate the cost of such exit fees to Clients, subject to reimbursement of the fees over an agreed period not exceeding 10 years. These exit fee rebates enable Clients to invest 100% of their retirement funds upon transfer to the Brite Platform. The amount of these rebates typically does not exceed 10% of the amount of Plan Assets transferred to the Brite Platform. PTY funds these exit fee rebates by borrowing from IBAU pursuant to lending facilities related to the omnibus accounts that PTY maintains with IBAU, including the Brite USA omnibus account..."</i>

2.6.5 As mentioned above, the Client Fees and Advisor Compensation Form included a full page titled "Surrender Fee Illustration" which uses an example amount to show how the Surrender Rebate is re-paid over a period of time. This page includes a signing block for the Beneficiary and their advisor.

2.6.6 Of the 39 Beneficiaries who have raised a dispute in respect of their Surrender Rebate, the Receivers have located a Client Fees and Advisor Compensation Form for 34 of those Beneficiaries, all of which have been signed by the Beneficiary on the "Surrender Fee Illustration" page (**Document 13**). For 3 Beneficiaries alternative documentation which refers to the Surrender Rebate has been located. The Receivers have been unable to locate any documentation for the remaining 2 Beneficiaries which refers to the Surrender Rebate.

2.7 Exit Fee

2.7.1 A Surrender Rebate is *not* an Exit Fee charged by Brite Advisors.

2.7.2 Some Beneficiaries were liable to pay an exit fee if they left the Brite Platform within five years of investing with Brite Advisors. The Exit Fee was equal to the remaining balance of five years' worth of Managed Portfolio Fees that the Beneficiary would otherwise pay if they stayed on the Brite Platform.

2.7.3 This is entirely separate from the Surrender Rebate.

2.8 Prohibition on lending

2.8.1 A Corporate Trustee has raised that the investment guidelines for their Qualifying Recognised Overseas Pension Scheme (**QROPS**) explicitly prohibit loans to members, and had the Surrender Rebate been put forward as a loan (which they say it was not), it would have been rejected by the Corporate Trustee, as it would constitute a breach of their investment guidelines.

2.8.2 The Receivers are not aware of the specific basis for this purported prohibition on lending or how this would be relevant to Brite Advisors.

2.9 Surrender Rebates charged when Brite Group acquired a company

2.9.1 As set out at section 2.4 of the Receivers' report dated 24 January 2024, the Receivers identified circa AUD\$8.9m of payments from Brite Advisors' accounts relating to 10 business acquisitions made by members of the Brite Group since 2018. The Receivers investigated each of these transactions and suspect that the payments were made or partly made from Client AuM of funds borrowed using the Client AuM as security.

- 2.9.2 A number of South African investors who transferred from DeVere Group Limited (**DeVere Group**) to Brite Advisors (who are represented by the same financial advisor) have raised a common dispute in respect of the Surrender Rebates in their portfolios. These Beneficiaries have advised the Receivers that they believe that the fee they were charged to leave DeVere Group was unduly imposed on them in the first instance because they were 'forced' to leave DeVere Group and move to Brite Advisors as a result of Brite Group's acquisition of DeVere Group.
- 2.9.3 The circumstances surrounding the transfer of Beneficiaries from DeVere Group to Brite Advisors is set out below:
- (a) On or around 23 November 2019, Mr Nigel Green on behalf of DeVere Group as seller (a company registered in the United Arab Emirates) and Mr Donnelly on behalf of Brite Advisory Holdings Limited (**BA Holdings**) as buyer (a company registered in the United Kingdom) entered into a Share Purchase Agreement (**Document 14**);
 - (b) The effect of the Share Purchase Agreement was that:
 - (i) DeVere Group transferred 100% of its shares in DeVere Investments South Africa Pty Ltd (**DeVere SA**) (a company registered in South Africa) to BA Holdings;
 - (ii) The purchase price for the shares, including the assets under management by DeVere SA was GBP1m; and
 - (iii) Within 28 days DeVere SA must change its name to a name that does not include "DeVere".
 - (c) The Receivers understand, based on the position put to the Receivers by a Financial Advisor representing a group of 44 South African Beneficiaries, that clients who had portfolios with DeVere SA were advised that DeVere SA could not service them anymore, and that they needed to move their investment portfolios onto Brite Advisors' platform.
- 2.9.4 An allegation has been made by the financial advisor that *"Brite Advisors bought the FSP and deliberately implemented a business model that would make continued servicing of the clients within their existing offshore bond structures impossible as they did not seek to get terms of business with them..... it was stated by management that after a transition period any clients not migrated to the Brite platform could no longer be serviced....I believe as they were existing and ongoing clients of FSP 23719 when they entered into the Brite Arrangement this sets them apart from other members of the fund who willingly entered into a fresh relationship with Brite and incurred surrender penalties and were then rebated"* (**Document 15**).
- 2.9.5 The Receivers have not undertaken an exhaustive review of all documentation and Beneficiaries. However, the Receivers have identified correspondence between Beneficiaries who were DeVere Group/DeVere SA clients that disputed their Surrender Rebate which evidences that they did know about the Surrender Rebate, however, their financial advisor may have mis-represented the effect of it to them. This correspondence is set out below:
- (a) Beneficiary A - (Refer **Document 16**)
 - (i) Beneficiary A signed a Client Fees and Advisor Compensation Form which set out their Surrender Rebate (the terms of which were described at section 2.6.3).
 - (ii) On 27 September 2022, Beneficiary A received a docu-sign request from Brite Advisors to *"Complete the movement of funds to the Brite platform by surrendering the remaining funds in the PLL bond"*. Beneficiary A sent this on to their advisor and asked if it was genuine. The advisor responded and said *"It is indeed. Its just a cleaning up of the PLL portfolio. We're going to cash in and rebut rather than as for an in specie transfer"*.
 - (iii) On 12 October 2022, Beneficiary A received another docu-sign request to sign a document from Brite Advisors to transfer their portfolio to Brite Advisors. On 13 October 2022 the Beneficiary wrote to their adviser and said *"I haven't signed as I see there is a penalty of GBP2380 for moving these funds..... Surely I shouldn't be penalised for something imposed on me as a result of Brites decision to move from Provident ??"*.
 - (iv) On the same day, the financial advisor responded and said *"So we actually refund the penalty to the pension exactly for that reason to make sure you're in the same position as you would have been otherwise."* The Beneficiary replied and said *"Phew! Will sign when back in office later then. Thanks for clarification"*.
 - (b) Beneficiary B - (Refer **Document 17**)
 - (i) Beneficiary B signed a Client Fees and Advisor Compensation Form which set out their Surrender Rebate (the terms of which were described at section 2.6.3).

- (ii) Beneficiary B wrote to their advisor on 27 January 2021 and said *"Quick question. What will the Providence Fund surrender fee be? And is there a date at which this fee would no longer be applicable? I appreciate the ongoing savings to be had, and understand that the Providence Bond surrender fee would be the only 'penalty' payable in the course of action you recommend, is that correct?"*.
- (iii) The financial advisor responded on 28 January 2021 and said *"...The surrender fee will depend upon the date when the bond is eventually fully surrendered, but its I currently estimate it at £29,525. This reduces on a quarter by quarter basis and would be £0 June 2025. Through Brite portfolio although an amount equal to the surrender fee would be rebated by Brite when the Brite portfolio is established, so you would not experience a fall in the policy value....."*.

2.9.6 The Receivers consider that the conduct of DeVere SA in dealing with its Financial Services Provider license and/or deciding to cease providing services to its clients, and in advising its clients to move to the Brite Advisors' Platform (for whatever reason) is a matter for DeVere SA/BA Holdings, and not a matter for Brite Advisors and/or the Receivers. That is, if it is determined that DeVere SA/BA Holdings should not have charged its former clients a fee to leave, those clients have a claim against DeVere SA/BA Holdings, and not a claim against Brite Advisors and/or a right to have their Surrender Rebate removed.

2.10 Alternative treatment – Impact of discounting Surrender Rebates by the time value of money

2.10.1 As outlined above, several Beneficiaries have advanced a position that, since the Surrender Rebate loans were repayable over 10 years, if they are to be off-set for the purposes of calculating entitlements in circumstances where the term had not yet expired as at 13 December 2023, there should be an adjustment to the amount to be offset to account for the time value of money.

2.10.2 If the Receivers were required to discount the balance of Beneficiaries' Surrender Rebate by the time value of money, the Receivers would need to take the following steps:

- (a) Develop a financial model which calculates the discounted value of each Beneficiaries' Surrender Rebate. This will include determining the following calculations assumptions to the model:
 - (i) an appropriate calculation method; and
 - (ii) an appropriate discount rate to apply over time.
- (b) Prepare the appropriate adjustments to the 13 December 2023 Data as a result of the discount calculated and liaise with I-Convergence to (i) process the changes in Salesforce, and (ii) prepare supporting schedules to explain the calculation and upload them to Salesforce; and
- (c) Correspond with Beneficiaries in relation to the discount applied, including responding to queries/disputes in relation to the assumptions and calculation applied.

2.10.3 The Receivers consider that the matters outlined above could possibly be overcome through further work, however, the Receivers do not propose to undertake the work outlined above due to:

- (a) The costs which would be incurred in completing these tasks;
- (b) The costs which would be incurred in corresponding with Beneficiaries in relation to this work, including those who dispute the process generally and/or the assumptions;
- (c) The further delay which would be created by completing the work; and
- (d) The Receivers' view that it would be inequitable to focus further work on calculating the discount on the Surrender Rebate (which will be to the benefit of Beneficiaries holding larger Surrender Rebate), when there are groups of investors who have smaller or no Surrender Rebate who could possibly have grounds to claim against the work being undertaken.

2.10.4 For these reasons, the Receivers do not propose to undertake work to attempt to calculate the discount on the Surrender Rebates.

2.10.5 If the balance of the Surrender Rebate amount is discounted by the time value of money (i.e. an alternative to what the Receivers have proposed), the following will occur:

- (a) All Beneficiaries' Surrender Rebate balance will decrease as per the discount calculation performed;

- (b) As a result, the total entitlements of all Beneficiaries who have a Surrender Rebate will increase. The effect of the total entitlements of Beneficiaries who have a Surrender Rebate increasing, is that the total claims for all Beneficiaries increases by the same amount, and thus increasing the shortfall as at 13 December 2023;
- (c) The Client AuM available for distribution to Beneficiaries will reduce by the Receivers' costs associated with calculating and allocating the discount (noting the Receivers' costs are paid from the Client AuM on hand); and
- (d) As a result of the Receivers' proposed distribution methodology being that (for the most part) all Beneficiaries will receive a proportionate share of the Client AuM based on their proportion of the total entitlements (i.e. their Valuation Notices), if the total claim for all Beneficiaries increases while the Client AuM decreases (as a result of the increased costs to perform the work), the ultimate distribution for all Beneficiaries will be revised.

2.10.6 The impact to the certain groups of Beneficiaries is summarised at a high level as follows:

- (a) For the most part, Beneficiaries with Surrender Rebates will enjoy an uplift of their ultimate distribution, as they are required to repay a reduced amount of their Surrender Rebate. However, the uplift they enjoy will not be equal to their Surrender Rebate, as they will also be forced to share in the burden of the total discount amount of Surrender Rebates proportionately; and
- (b) Beneficiaries who do not have a Surrender Rebate will suffer a reduction of their ultimate distribution, as they are forced to share in the burden of the total discount amount which Beneficiaries with Surrender Rebates will not repay themselves. This means that these Beneficiaries are essentially paying to 'top up' the entitlements of Beneficiaries with Surrender Rebates.

2.11 Alternative treatment - Impact of not deducting the Surrender Rebates

2.11.1 Beneficiaries who have raised disputes in relation to Surrender Rebates believe for various reasons (as outlined above), that it is not reasonable for their Valuation Notice to be reduced by the balance of their Surrender Rebate.

2.11.2 If the balance of the Surrender Rebate amount is not deducted from individual Beneficiaries' Valuation Notices (i.e. an alternative to what the Receivers have proposed), the following will occur:

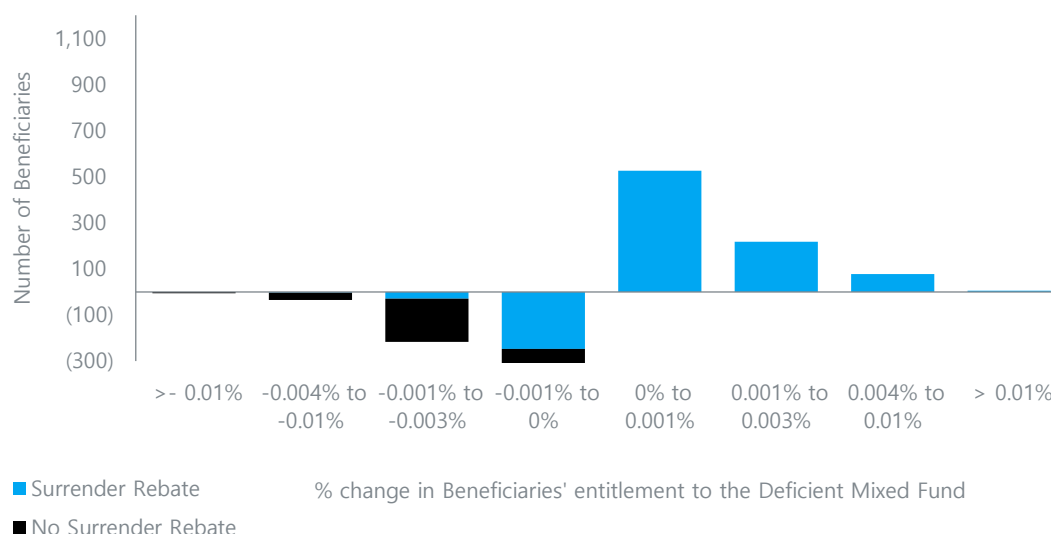
- (a) Beneficiaries who have a Surrender Rebate will no longer have a deduction or a 'liability' offsetting their Valuation Notice for their Surrender Rebate balance. This means that they will enjoy the benefit of funds which they did not contribute to Brite Advisors;
- (b) The total entitlements of all Beneficiaries who have a Surrender Rebate will increase by USD\$16.5m. The effect of the total entitlements of Beneficiaries who have a Surrender Rebate increasing by USD\$16.5m, is that the total claims for all Beneficiaries increases by USD\$16.5m and thus increasing the shortfall as at 13 December 2023 from the current estimate as per the Receivers' Report regarding Growth dated 23 July 2025 of (12.6%) to (14.3%); and
- (c) As a result of the Receivers' proposed distribution methodology being that (for the most part) all Beneficiaries will receive a proportionate share of the Client AuM based on their proportion of the total entitlements (i.e. their Valuation Notices), if the total claim for all Beneficiaries increases by USD\$16.5m, while the Client AuM remains the same, the ultimate distribution for all Beneficiaries will be revised.

2.11.3 The impact to different groups of Beneficiaries is summarised at a high level as follows:

- (a) Beneficiaries who have a large / medium Surrender Rebate will enjoy an uplift of their ultimate distribution, as they are no longer required to repay their Surrender Rebate. This means that they will enjoy the benefit of funds which they did not contribute to Brite Advisors. However, the uplift they enjoy will not be equal to their Surrender Rebate, as they will then be forced to share in the burden of all the Surrender Rebates proportionately;
- (b) Beneficiaries who have a small Surrender Rebate will suffer a reduction of their ultimate distribution, as they no longer have to repay back their own/specific Surrender Rebate, but are forced to share in the burden of all the Surrender Rebates proportionately; and
- (c) Beneficiaries who do not have a Surrender Rebate will suffer a reduction of their ultimate distribution, as they are forced to share in the burden of all the Surrender Rebates which specific Beneficiaries have not repaid themselves. This means that these Beneficiaries are essentially paying to 'top up' the entitlements of Beneficiaries with Surrender Rebates so those Beneficiaries can receive more than they contributed.

- 2.11.4 The effect on Beneficiaries' proportion of the total entitlements to the Deficient Mixed Fund if the Surrender Rebates are not deducted from individual Beneficiaries' Valuation Notices are set in the table out below:

Effect on Beneficiaries' proportion of the total entitlements if the Surrender Rebates are not deducted



- 2.11.5 While the percentage impact on Beneficiaries' proportion of the total entitlements is very small, in some instances it will have a material impact on the ultimate distribution amount. This impact is further demonstrated in the following example using an illustrative interim distribution of USD\$400m (by way of example only) by reference to six actual Beneficiaries:

Impact of Surrender Rebate treatment on Beneficiaries (USD) - Illustrative examples								
Valuation Notice				Proportion of total entitlements				Impact on ultimate distribution (USD\$)
C-number	ref	Valuation Notice	Surrender Rebate	Net amount	Current proposal - SR deducted	Alternative proposal - SR not deducted	Variance	
C00008278	(i)	8,981,534	-	8,981,534	1.205%	1.179%	-0.026%	(104,250)
C00008265	(i)	6,134,127	-	6,134,127	0.823%	0.805%	-0.018%	(71,200)
C00006593	(ii)	48,281	(1,001)	47,280	0.006%	0.006%	0.000%	(24)
C00002316	(ii)	110,322	(1,008)	109,314	0.015%	0.014%	0.000%	(740)
C00003424	(iii)	3,468,819	(203,224)	3,265,596	0.438%	0.455%	0.017%	68,770
C00008373	(iii)	3,155,446	(142,871)	3,012,575	0.404%	0.414%	0.010%	40,027

Note: This is illustrative only, based on an example interim distribution of USD\$400m.

- 2.11.6 The above example is illustrative only for the purposes of showing how not deducting Surrender Rebates from specific Beneficiaries will result in a transfer of wealth from (i) those who do not have Surrender Rebates to (ii) those who had Surrender Rates (especially those with large Surrender Rebates).
- 2.11.7 Regardless of the reason why Beneficiaries consider they should not be required to repay their Surrender Rebate, if the Surrender Rebate is not deducted, these Beneficiaries' entitlements are inflated by amounts they did not contribute to the Client AuM, while Beneficiaries without Surrender Rebates suffer a further shortfall. Further, the Beneficiaries who do not have a Surrender Rebate have already effectively assisted in funding the Surrender Rebates. This is because the margin loan was used to fund the Surrender Rebates, and interest was incurred on that funding for which all Beneficiaries have ultimately been burdened with, and this cost was not otherwise recouped given the Surrender Rebate debt was interest free.

3 Interest

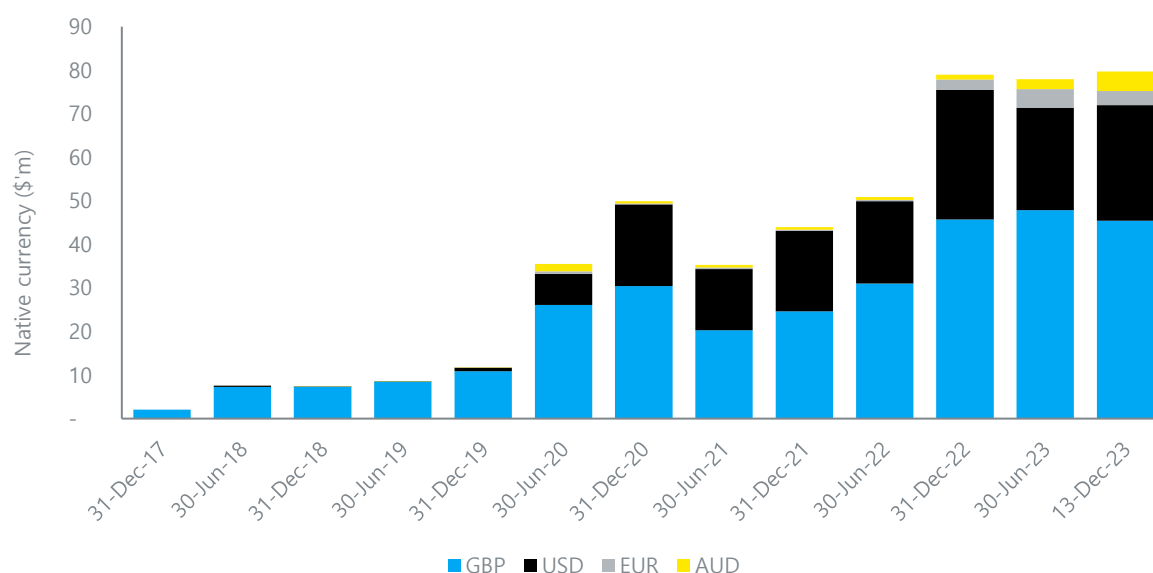
Key Findings

- No Beneficiary has been credited with interest on their cash holdings for any period in the 13 December 2023 Data, as Brite Advisors did not credit interest historically.
- Some Beneficiaries claim to have received conflicting information from Brite Advisors' representatives which led them to believe they were accruing interest when no interest was in fact being applied to their investment portfolio.
- Six Beneficiaries have formally disputed their Valuation Notices by raising an interest dispute. In addition to formal disputes raised, the Receivers have also received a number of general enquiries in relation to interest.
- Essentially, if interest were to be added to cash balances this would result in a transfer of wealth from Beneficiaries who do not have material cash balances to Beneficiaries with material cash balances. This occurs because all Beneficiaries share the burden of the interest applied proportionally, given the total entitlement at 13 December 2023 will increase, but the Client AuM available for distribution will reduce as a result of the increase costs to perform this work.
- The effect of the margin loan was such that positive cash balances were set off against negative cash balances (i.e. loans) in each currency before the calculation of interest. This meant that typically there was in fact no interest being received by Brite Advisors.

3.1 Background

- 3.1.1 No Beneficiary has been paid interest on their cash holdings for any period in the 13 December 2023 Data, as Brite Advisors did not credit interest historically.
- 3.1.2 The cash recorded as being held in Beneficiaries' portfolios over time appears to have increased between commencement of Brite Advisors and 13 December 2023, as shown in the graph below:

Cash held by Brite Advisors over time in the top 4 currencies



- 3.1.3 For the reasons outlined at section 3.4 below, the Receivers have not sought to quantify the cash balance of each Beneficiary over time.

3.2 Brite Advisors' documentation around interest and the margin loan

3.2.1 As outlined at section 2.6 above:

- (a) The Receivers undertook a detailed review of all available contractual documentation between (i) Brite Advisors and the Corporate Trustees, and (ii) Brite Advisors and 66 Sampled Beneficiaries; and
- (b) It is difficult to draw general conclusions as to the contractual terms governing the relationship between Brite Advisors and the Corporate Trustees and, in turn, the Beneficiaries, due to the deficiencies in the available books and records as well as the lack of consistency in terms across both the global Beneficiary group and within geographical Beneficiary groups.

3.2.2 The documents which refer to interest (in this context), and the examples referred to in the Fourth Report, are set out again below:

- (a) documents seemingly between Brite Advisors and Corporate Trustees, including:
 - (i) Platform Agreements (refer example at **Document 09**).
- (b) documents which were issued by Brite Advisors and completed by the Beneficiaries, including:
 - (i) Client Fees and Advisor Compensation Form which incorporate by reference the Discretionary Fund Management Terms and Conditions issued by Brite Advisors and completed by the Beneficiaries (refer example at **Document 10**); and
 - (ii) Managed Portfolio Application Agreements (refer example at **Document 11**).
- (c) documents which were issued by the Beneficiaries' financial advisors and completed by the Beneficiaries, including:
 - (i) Investment Advisory Agreements (refer example at **Document 12**).

3.2.3 The typical terms and conditions which are included in the above-mentioned documents, as they relate to interest, are set out below:

Document	Terms and conditions regarding interest
Platform Agreement	<p>This form refers to interest as below:</p> <ul style="list-style-type: none"> ▪ <i>"Interest on Money - If Interactive Brokers holds money which is not immediately required to settle an investment transaction, such money will be held in accordance with the 'Your Money' section of this Platform Agreement. Money may earn interest at a rate determined by the relevant bank or credit institution. However, the amount of any interest on money held in your Account that will be credited to your Account will be determined by the Discretionary Account Manager. Where any applicable interest rate depends on a central bank base rate, please note that we will not advise you of changes to the base rate."</i>
Client Fees and Advisor Compensation	There are no relevant references to the accrual of interest in this form.
Managed Portfolio Application – Terms and Conditions	<p>This form refers to interest as below:</p> <ul style="list-style-type: none"> ▪ <i>"Interest on Money - If Interactive Brokers holds money which is not immediately required to settle an investment transaction, such money will be held in accordance with the 'Your Money' section of this Portfolio Application. Money may earn interest at a rate determined by the relevant bank or credit institution. However, the amount of any interest on money held in your Managed Portfolio that will be credited to your Managed Portfolio will be determined by the Discretionary Account Manager. Where any applicable interest rate depends on a central bank base rate, please note that we will not advise you of changes to the base rate."</i>
Investment Advisory Agreements	There are no relevant references to the accrual of interest in this form.

3.2.4 In practice, where interest did accrue in the IB Accounts historically, this occurred on an aggregate basis and Brite Advisors did not allocate any interest to specific Beneficiary accounts (as was contemplated may occur under the terms of the Platform Agreement extracted above).

- 3.2.5 For each currency held within the IB Accounts, the long cash position in that currency was netted against the short cash position (i.e. the amount owing under the margin loan), with interest only being paid on any net long position. As detailed in 4.6 of the Fourth Report, Brite Advisors owed amounts under the margin loan for a significant period, meaning that interest would not actually have been earned by Brite Advisors on the full amount of the aggregate gross long cash positions which Beneficiaries understood were held on their behalf.
- 3.2.6 As a result of the way the margin loan operated above, Brite Advisors did not typically earn interest on the cash it held, and as a result there was no interest to pass on to Beneficiaries who had cash in their portfolios.

3.3 Nature of disputes raised in respect of interest

- 3.3.1 Six Beneficiaries in number (which have a total aggregate entitlement of USD\$2.6m in value) have formally disputed their Valuation Notices by raising an interest dispute. No precise calculation of interest has been carried out for these Beneficiaries (for the reasons outlined at section 3.4 below), however, three of the six Beneficiaries quantified their own claim to interest (with varying assumptions), which equates to USD\$120,000 in total.
- 3.3.2 The interest disputes can be found in the following locations:
- (a) Five disputes are located at Tab 2 of Linda Smith's Affidavit dated 11 February 2025; and
 - (b) One dispute is located at **Document 18** of this Report.
- 3.3.3 In addition to formal disputes raised, the Receivers have also received a number of general enquiries in relation to interest.
- 3.3.4 The nature of the disputes are that Beneficiaries claim that they ought to have accrued interest on their cash holdings over time. The arguments Beneficiaries have raised in support of their disputes are as follows:
- (a) Contractual agreements with their respective Corporate Trustee specify that interest accrued on Brite Advisors' cash balances is to be credited directly to them;
 - (b) Emails and other communications between them and parties within the Brite Advisors group which infer that they were earning or ought to earn interest; and
 - (c) General fairness/expectations of interest being accrued.

3.4 Consideration of alternative treatment

- 3.4.1 Beneficiaries who have raised disputes in relation to interest suggest that it is not reasonable that cash in their Valuation Notice has not accrued interest and are requesting that interest be retrospectively applied to the cash balance over time.
- 3.4.2 If the Receivers were required to adjust Beneficiaries' entitlements to include interest on cash over time, the Receivers would need to take the following steps:
- (a) develop a financial model which calculates the interest on each Beneficiaries' cash balance over time. This will include determining the following calculations and assumptions to the model:
 - (i) when interest should commence accruing (i.e. at commencement of the investment or some other date);
 - (ii) an appropriate interest rate to apply over time;
 - (iii) whether interest earned should be compounded, and if so, the period in which it should be compounded; and
 - (iv) the amount of cash held by each Beneficiary over time at the chosen intervals (for example daily, weekly or monthly depending on compounding assumptions).
 - (b) prepare the appropriate adjustments to the 13 December 2023 Data as a result of the interest calculated and liaise with I-Convergence to (i) process the changes in Salesforce, and (ii) prepare supporting schedules to explain the calculation and upload them to Salesforce; and
 - (c) correspond with Beneficiaries in relation to the interest applied, including responding to queries/disputes in relation to the assumptions and calculation applied.
- 3.4.3 The Receivers consider that the matters outlined above could possibly be overcome through further work, however, the Receivers do not propose to undertake the work outlined due to:

- (a) The Receivers' view that there was no contractual basis to support the argument that interest should be paid;
- (b) The costs which would be incurred in completing these tasks;
- (c) The costs which would be incurred in corresponding with Beneficiaries in relation to this work, including those who dispute the process generally and/or the assumptions;
- (d) The further delay which would be created by completing the work; and
- (e) The Receivers' view that it would be inequitable to focus further work on calculating interest on cash holdings (which will be to the benefit of Beneficiaries holding larger cash balances), when there may be groups of investors who have not had material cash balance over time who could possibly have grounds to claim against the work being undertaken.

3.4.4 For these reasons, the Receivers do not propose to undertake work to attempt to calculate interest on cash holdings.

3.4.5 Regardless of the reason why Beneficiaries consider they are entitled to interest, if the Receivers were to retrospectively apply interest to all Beneficiaries' cash entitlements over time, the following would occur:

- (a) Beneficiaries who have cash balances over time will be credited interest as a result of a complex calculation the Receivers will be required to perform;
- (b) As a result, the total entitlements of all Beneficiaries who have cash in their portfolio will increase by the total interest credited. The effect of the total entitlements of Beneficiaries with cash balances increasing, is that the total claims for all Beneficiaries increases by the same amount;
- (c) The Client AuM available for distribution to Beneficiaries will reduce by the Receivers' costs associated with calculating and allocating the interest (noting the Receivers' costs are paid from the Client AuM on hand); and
- (d) As a result of the Receivers' proposed distribution methodology being that (for the most part) all Beneficiaries will receive a proportionate share of the Client AuM based on their proportion of the total entitlements (i.e. their Valuation Notices), if the total claim for all Beneficiaries increases while the Client AuM decreases (as a result of the increased costs to perform the work), all Beneficiaries' ultimate distribution will change.

3.4.6 The change to the ultimate distribution is as follows:

- (a) Beneficiaries who have a large / medium cash balance will enjoy an uplift of their ultimate distribution, as their total entitlements will have increased;
- (b) Beneficiaries who have a small cash balance will suffer a reduction of their ultimate distribution, as they enjoy the benefit of interest in their portfolio, but are forced to share in the burden of all interest credited proportionately; and
- (c) Beneficiaries who do not have material cash balances suffer a reduction of their ultimate distribution, as they are forced to share in the burden of all interest credited to Beneficiaries who do have cash balances. This means that these Beneficiaries are essentially paying to 'top up' the entitlements of Beneficiaries with cash balances.

3.4.7 If interest is added on to cash balances, what essentially occurs is a transfer of wealth from Beneficiaries who do not have material cash balances to Beneficiaries who do have material cash balances. This occurs because all Beneficiaries share the burden of the interest applied proportionally, given the total entitlement at 13 December 2023 will increase, but the Client AuM available for distribution will decrease (due to the increased costs to perform this work).

A Schedule of documents relied upon

Schedule of documents relied upon		
Document number	Document name	Details
01	Document 01 - 13 December Court Orders	Court Orders made by the Federal Court of Australia on 13 December 2023 appointing Linda Smith and Robert Kirman as Receivers and Managers of Brite Advisors.
02	Document 02 - Receivers' Fourth Report dated 9 August 2025	The Receivers' Report to the Federal Court of Australia dated 9 August 2024
03	Document 03 - Receivers' Fifth Report dated 4 December 2024	The Receivers' Supplementary Report to the Federal Court of Australia dated 4 December 2024
04	Document 04 - Receivers' Explanatory Memorandum dated 4 December 2024	The Receivers' Explanatory Memorandum dated 4 December 2024
05	Document 05 - Receivers' Supplementary Explanatory Memorandum dated 25 March 2025	The Receivers' Supplementary Explanatory Memorandum dated 25 March 2025
06	Document 06 - Addendum to the Supplementary Explanatory Memorandum dated 10 April 2025	The Receivers' Supplementary Explanatory Memorandum dated 10 April 2025
07	Document 07 - Minute of proposed orders - Proposed Distribution Methodology	Minute of proposed orders setting out the orders that the Receivers propose the Court makes to give effect to the proposed Distribution Methodology
08	Document 08 - Surrender Rebate disputes	Additional Surrender Rebate disputes received from Beneficiaries
09	Document 09 - Platform Agreement	Platform Agreement between Brite Advisors and Corporate Trustee
10	Document 10 - Client Fees and Advisor Compensation Form	Client Fees and Advisor Compensation Form executed by Beneficiaries
11	Document 11 - Managed Portfolio Application Agreements	Managed Portfolio Application Agreements executed by Beneficiaries
12	Document 12 - Investment Advisory Agreement	Investment Advisory Agreement between Beneficiary financial advisors and Beneficiary
13	Document 13 - Bundle of Client Fees and Advisor Compensation Forms	Bundle of forms executed by Beneficiaries
14	Document 14 - DeVere SPA	Share Purchase Agreement between DeVere Group Limited and Brite Advisory Holdings Limited
15	Document 15 - Correspondence received from a Financial Advisor	Email correspondence received from a Financial Advisor dated 8 April 2025
16	Document 16 - Correspondence with Beneficiary A	Correspondence with Beneficiary A regarding their Surrender Rebate
17	Document 17 - Correspondence with Beneficiary B	Correspondence with Beneficiary B regarding their Surrender Rebate

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Document 18 - Interest dispute

Dispute received from Beneficiary regarding interest

B **Receivers' CVs**

Linda Smith

Partner in Perth

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lsmith@mcgrathnicol.com

Linda is a highly skilled restructuring and insolvency professional, with extensive experience in leading complex restructuring matters and conducting independent business reviews.

Linda's experience includes leading a number of high-profile formal insolvency appointments, managing business trade on scenarios and recovery actions.

She has also led significant forensic investigations, providing reports to regulators such as ASIC and the ATO. Linda provides practical advice to companies experiencing financial difficulties, conducting independent business reviews and implementing turnaround strategies.

Recent engagements include being appointed by the Federal Court as Receiver and Liquidator of Brite Advisors Pty Ltd, managing Client Assets under Management totaling over \$1bn. During her career, Linda has worked across a broad range of industries including financial services, mining, property and construction in Australia and the United Kingdom.

Engagement Experience —

- Receiver and Manager of Brite Advisors Pty Ltd, appointed in Federal Court proceedings to undertake significant investigations, manage and distribute over \$1bn of Client Assets under Management.
- Administrator of Catalano Seafood, successful restructure via DOCA for ASX listed food retailer.
- AMIP for Iris Terrace Claremont Pty Ltd, appointed AMIP in respect of substantial property development in WA.
- Chris Marco Scheme, managed the winding up of one of Australia's largest Ponzi Schemes.
- Continental Coal Limited, managed the winding up of ASX listed Continental Coal Limited.
- Conducts independent business reviews for lenders, assessing the financial position of borrowers and determining strategies for restructuring or reducing debt. Recent assignments include a review of ASX listed mining operations.
- Managed a range of Liquidator recovery actions for the benefit of creditors, with experience in director examinations, voidable transactions and transfer of assets to phoenix companies.
- Voluntary administration of gold producer GMK Exploration Pty Ltd, including the trade on and business sale.
- Voluntary administration of Midwest Vanadium, an ASX listed mine in remote WA.



Qualifications & Memberships —

- Registered Liquidator
- Member, CA ANZ
- Member, ARITA
- ARITA, WA Division Committee Member
- Member, Institute of Chartered Accountants Scotland
- Certified Proficiency in Insolvency (Insolvency Practitioners Association, UK)
- BA (Hons) in Finance and Marketing

Board Roles —

- Board Member, Cystic Fibrosis WA



McGrathNicol

Rob Kirman

Partner in Perth

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rkirman@mcgrathnicol.com



Rob has over 25 years' of restructuring experience and is the Partner in charge of the McGrathNicol Perth office. Prior to joining McGrathNicol in 2004, Rob worked for an international advisory and restructuring firm in the UK.

As a national firm with representation on the panel of each of Australia's big four banks, McGrathNicol is known for its commercial acumen exceptional leadership and our highly regarded specialists.

Rob has a proven reputation for providing his clients with strategic and innovative solutions to challenging situations and is highly skilled at considering issues from the perspective of different stakeholders.

He has led teams in financial assignments such as restructuring, insolvency, business improvement and transactions. He has also conducted numerous business reviews, assisted companies with business improvement, strategic planning, working capital management and capital reorganisation.

Rob has been an appointee in relation to a range of recent high-profile matters including The Chris Marco Scheme, the related entities of Alan Caratti, Tiger Resources Ltd, Alita Resources Ltd and MZI resources Ltd.

Rob's sector experience is broad and includes mining, property, construction, hospitality, transport and logistics, agribusiness and manufacturing.

Engagement Experience —

- Numerous business reviews and restructurings including performance improvement, strategic planning, working capital management and capital reorganisation.
- Due diligence and transaction services support.
- Voluntary Administrator of Tiger Resources Ltd, an ASX listed company with an investment in a copper mine in the Democratic Republic of Congo.
- Voluntary Administrator of Alita Resources Ltd, an SGX listed company with an investment in a lithium mine in WA.
- Voluntary Administrator of MZI Resources, an ASX listed company Mineral Sands producer.
- Liquidator and Receiver & Manager of the Chris Marco Scheme, an unregistered and alleged 'ponzi' scheme of more than 300 investors.
- Liquidator of the related entities of Alan Caratti, an appointment that has included the investigation of a number of significant contraventions of the Corporations Act.

Qualifications & Memberships —

- Registered Liquidator
- Member, ARITA
- Member, TMA
- Member, CA ANZ
- Bachelor of Science (Honours) in Special Mathematics

Board Roles —

- Board Member, McGrathNicol



McGrathNicol

C Key staff and qualifications

Assisting staff		
Name	Position	Years' experience
Linda Smith	Partner, Receiver	19
Robert Kirman	Partner, Receiver	27
Amber Kirkbright	Senior Manager	10
Victor Gillet	Assistant Manager	3
Ben Schukraft	Senior Accountant	2