

Booster Investment Scheme

Other Material Information

12 June 2024

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1. Introduction

This document is designed to provide potential investors with information on the Booster Investment Scheme (**Scheme**) that we believe may be material to a decision to invest in the Scheme. The information provided complements the relevant Product Disclosure Statement (**PDS**) for the Scheme that the investor may have received so it is important that these documents are read together.

The Scheme currently offers a range of funds through the following PDSs:

- Investment Series: Multi-sector Funds
- Investment Series: Income Securities Portfolio
- Investment Series: Income Funds and Corporate Bond Fund
- Focus Series Funds

Additional information regarding the operation of the Scheme can be found in the Scheme's Trust Deed which can be viewed on the scheme's website at www.booster.co.nz/booster-investments/investment-documents.

Where the term "we", "us", "our", "ourselves" or "Booster" is used, we mean Booster Investment Management Limited, the Manager of the Scheme.

Where the term "Supervisor" is used, we mean Public Trust, the supervisor of the Scheme.

It is not possible to include full information on all aspects of the Scheme in any PDS and/or this document and you may have further questions about the suitability of the Scheme as an investment for you. If you do have any questions, we would be pleased to hear from you. You can contact us on **0800 336 388**. You can also discuss your personal situation with your financial adviser.

2. Information about the Booster Investment Scheme

2.1 How do I invest into the Scheme: Booster wrap administration system

An investor can only make an investment in the funds through the Booster wrap administration system (the **System**).

To invest an investor must first enter into a Client Custody agreement (**Agreement**) for the System by either:

- a. applying directly to Booster at www.booster.co.nz/booster-investments in relation to the Socially Responsible Investment Funds only; or
- b. applying via a financial adviser or a financial adviser authorised to provide a Discretionary Investment Management Service (**DIMS**) for any of the funds.

The Agreement sets out the terms and conditions upon which access is provided. Under the Agreement all of the investor's investments are held by, and in the name of, a custodian to the System to ensure that beneficial ownership of the investments remain with the investor. The custodian is Asset Custodian Nominees Limited (**ACNL**), a related party of the Manager which acts as a bare trust established solely for this purpose. The custodian can change from time to time without prior notification.

By accessing the funds via the System, the investor is not subscribing for units in the Booster Investment Scheme directly.

We may accept or decline applications at our discretion. No interest will be paid on applications that are declined in whole or in part (except as required by law). We may invite offers for investments in any fund and any offer may be underwritten. An investor may make a standing application whereby that investor applies to acquire investments in one or more funds at monthly or other intervals prescribed by us. We may set minimum application amounts and balances and may waive or vary the minimum application and balance amounts at any time.

2.2 Investments in a fund

A register of unitholders in the fund is maintained by a combination of the Manager and the System custodian, Asset Custodian Nominees Limited (**ACNL**) which record all of the investment details of each unitholder, including (but not limited to) number of units held, contributions, withdrawals, tax and imputation credit information.

Investments expressed in units

Each of the Scheme's funds is divided into units. Each unit confers an equal interest in the relevant fund, although investors do not acquire any direct right or interest in any of the investments held by a fund.

Investments and other credits to the Scheme are used to purchase units in the fund or funds selected by the investor. Similarly, withdrawal payments and other deductions are made by selling units.

The value of each investor's units from time to time will depend on the value of the fund or funds that the investor has selected for their investments and the number and unit price of units held in any fund.

Investment returns (whether gains or losses) will generally (other than for the Term Class(es) of the Income Securities Portfolio, – see below) be reflected regularly by changes in unit prices.

2.3 Calculation of fund value and unit price

A fund's value (known as the 'net asset value' of the fund) is calculated by deducting from the aggregate of:

- the cash forming part of the assets of the fund; and
- the market value (calculated by reference to market transactions, valuations or our determination) of all of the investments held by the fund;

the aggregate of:

- the liabilities of the fund; and
- all unpaid costs, fees, charges and other material outgoings of the fund (including the Supervisor's and our fee, and expenses) accrued to that date.

The unit price for any fund is calculated for each working day by dividing the net asset value by the number of units on issue at the relevant time in that fund.

It is intended that the unit price of the Enhanced Cash Portfolio and the Term Class(es) of the Income Securities Portfolio should remain constant at \$1.00. The income of the Enhanced Cash Portfolio will be allocated to investors by monthly distributions of additional units. For the Term Class(es) of the Income Securities Portfolio, income will be allocated to investors at the end of the agreed period (see also under 'Income distributions').

Transaction Costs

When investors invest or withdraw from a fund, that fund may need to buy or sell assets. Such transactions incur costs such as brokerage and government taxes. Normally daily transaction costs are expected to be low and these costs (where incurred) are reflected in the unit price of each fund and as a result all investors share these transaction costs equally. However, during periods of increased investor activity (investing or withdrawing) from a fund, we may, at our discretion, adjust the unit price of a fund to ensure an equitable treatment of investors.,

A dilution adjustment (also known as swing pricing) is one way to exercise equitable treatment of investors. When a dilution adjustment is applied to a fund, investors who invest or withdraw from a fund on a particular day will incur the estimated associated transaction costs on that day. The aim of applying a dilution adjustment to a fund is to ensure the remaining investors in that fund, who are not investing or withdrawing, are not disadvantaged by the transaction costs incurred. The monetary value of the spread stays in the fund to cover the transaction costs and is not a fee paid to us.

2.4 Income distributions

Other than for the Enhanced Cash Portfolio and the Income Securities Portfolio Term Class Series, it is not intended that income received by a fund is distributed to investors. Rather, this income is accumulated within that fund and will be reflected by an increase in the unit price for that fund.

Enhanced Cash Portfolio (closed to retail investment)

Gross income is accrued daily and compounded monthly by allocating additional units reflecting the income earned, less fees, in that month. The additional units are then attributed to investors based on the number of days each of the investor's units has been on issue in the relevant month.

Income Securities Portfolio Term Class Series

Gross income will be accrued daily until the end of any agreed term. The income earned will be automatically invested in the Income Securities Portfolio Call Class unless you choose to either invest your money for another investment term or have the amount paid to your System account. Gross income will also be distributed to your account in the System at the end of March each year if this precedes the end of your selected investment term.

The income will be attributed to investors based on the Posted Rate (the interest rate for any particular Series) for the number of days each Term Class Series unit has been on issue in the relevant Term Class Series.

2.5 Market indices

Each asset class in which any of the Scheme's investments are held is measured, for performance purposes, against a representative benchmark index.

The purpose of a benchmark index is to reflect the performance of a particular fund in comparison to that of the overall market for the asset class or asset classes in which that fund is invested.

A number of funds comprise more than one asset class. These are known as multi-sector funds. The market index for a multi-sector fund is based on the indices used in respect of the underlying assets held by the fund, depending on the proportion of the fund held by any particular asset class.

Benchmark indices used in relation to the assets of the Scheme are widely recognised in financial markets and are administered independently from us.

The indices that are currently used for each of the asset classes are included in the Scheme's Statement of Investment Policies and Objectives ('SIPO'). This can be found on the Scheme's website at www.booster.co.nz. The indices are also listed below.

Single-Sector Funds – Benchmark Indices

The performance benchmark index used for each of the Single-Sector Funds are as follows:

Fund Name	Performance Benchmark Index	Where to find more information
Enhanced Cash Portfolio ¹	S&P/NZX Call Rate Deposit Index.	http://us.spindices.com/indices/fixed-income/sp-nzx-call-rate-deposit-index
Income Securities Portfolio	Bloomberg NZBond Bank Bill Index	https://assets.bbhub.io/professional/sites/10/Bloomberg-Index-Publications-AusBond-and-NZBond-Index-Methodology-2022-12-05.pdf
Corporate Bond Fund	Bloomberg NZBond Credit Index	https://assets.bbhub.io/professional/sites/10/Bloomberg-Index-Publications-AusBond-and-NZBond-Index-Methodology-2022-12-05.pdf

¹ From 17 November 2023 the retail offer of units in the Enhanced Cash Portfolio is closed to all retail investment.

Multi-Sector Funds – Benchmark Indices

Each multi-sector Fund's benchmark index will be a weighted composite index based on representative market indices used in respect of the underlying assets. Where a fund invests all or some of its investments in underlying funds, the market indices used for the fund will be dependent on:

- the market indices relevant to the underlying fund in which the assets are currently held; and
- the market indices relevant to any directly held assets.

Where the investments of a multi-sector fund are made in underlying funds managed by the Manager, the fund's benchmark index that is currently appropriate is based on some or all of the market indices shown in the following table.

The actual benchmark that is relevant to any particular Fund will depend on the underlying fund in which exposure to each asset type is being obtained. Up to date details in respect of any Fund can be obtained by contacting the Manager.

Asset type	Performance benchmark	Where to find more information
International Equities	MSCI World Total Return Index (Ex-Australia) ²³⁴ MSCI World Total Return Index (Ex-Australia) hedged into New Zealand dollars ²³⁴ MSCI Emerging Markets Total Return Index ²⁴	www.msci.com/indexes
Australian Equities	S&P/ASX 200 Total Return Index ²⁴ S&P/ASX 200 Total Return Index hedged into New Zealand dollars ²⁴	https://www2.asx.com.au/markets/trade-our-cash-market/overview/indices

	S&P/ASX 200 Industrials Accumulation Index ³	
New Zealand Equities	S&P/NZX 50 Gross Index with Imputation ²³⁴ S&P/NZX 50 High Dividend Index with Imputation ⁵	https://www.spglobal.com/spdji/en/documents/methodologies/methodology-sp-nzx-index.pdf
Property	S&P/NZX All Real Estate Industry Group Gross with Imputation Index ²³⁴ FTSE EPRA / NAREIT Developed ex Australia Rental Index hedged into New Zealand dollars ²³⁴	https://www.spglobal.com/spdji/en/documents/methodologies/methodology-sp-nzx-index.pdf www.ftse.com/products/indices/epra-nareit
International Fixed interest	Barclays Global Aggregate Bond Index (NZD Hedged) ²³⁴⁵	http://www.bloombergindices.com/bloomberg-barclays-indices/
New Zealand Fixed Interest	Bloomberg NZBond Composite Index ²³⁴ Bloomberg NZBond Credit Index ²³⁴⁵ Bloomberg NZBond Bank Bill Index ⁷	https://data.bloomberglp.com/professional/sites/10/AusBond-and-NZBond-Index-Methodology.pdf
Cash & Cash Equivalents	Bloomberg NZBond Bank Bill Index ²³⁴⁵⁶⁷	https://data.bloomberglp.com/professional/sites/10/AusBond-and-NZBond-Index-Methodology.pdf

The footnotes indicate which funds use which of the above benchmarks provided the fund has a non-zero benchmark % for the asset class:

² Defensive, Moderate, Balanced, Growth, Shielded Growth, High Growth funds

³ Socially Responsible funds

⁴ Focus Series funds

⁵ Income and Corporate Bond funds

⁶ Enhanced Cash Portfolio. As the Enhanced Cash Fund is a single sector fund, a single benchmark index is used.

⁷ Income Securities Portfolio

2.6 Fees and expenses

We and the Supervisor are entitled to fees for providing services. The amount of the fees may vary from time to time as agreed between us and the Supervisor.

There is no limit on the amount of the fees that can be charged.

Manager

The current fees for administration and management of the Scheme are set out below:

Annual fund charges

Management fee

This fee varies between funds and is a percentage of the net asset value of the fund concerned (see "Calculation of fund value and unit price" to see how net asset value is determined). This fee is calculated daily and deducted monthly from the relevant fund. As a result, the unit price for the fund and investors' returns are reduced by the amount of the fee payable by the investor. The percentage for each fund is set out below.

Investment Series

Multi-sector Funds	
Fund	Fee
Defensive Fund	1.95% p.a.
Moderate Fund	2.30% p.a.
Balanced Fund	2.67% p.a.
Growth Fund	2.85% p.a.
High Growth Fund	2.90% p.a.
Shielded Growth Fund	2.90% p.a.
Socially Responsible Moderate Fund	2.30% p.a.
Socially Responsible Balanced Fund	2.67% p.a.
Socially Responsible Growth Fund	2.85% p.a.
Socially Responsible High Growth Fund	2.90% p.a.

If an investor has more than \$250,000 invested in a fund above, they will receive a rebate of some of the management fee on their investments above this amount. This rebate will be calculated daily as a percentage of the total value of their investments and applied at the end of each month to purchase additional units in the relevant fund.

The rebates are:

On investments between \$250,000 and \$500,000	0.35% pa
On investments between \$500,000 and \$1,000,000	0.80% pa
On all investments over \$1,000,000	1.20% pa

Multi-sector Funds - Income	
Fund	Fee
Income 18 Fund	1.00% p.a.
Income 28 Fund	1.00% p.a.
Income 50 Fund	1.00% p.a.
Income 99 Fund	1.00% p.a.
Single-sector Funds	
Fund	Fee
Enhanced Cash Portfolio ⁸	0.40% p.a.
Corporate Bond Fund	0.80% p.a.
Income Securities Portfolio – Call and Term Class	Nil ⁹

⁸ From 17 November 2023 the retail offer of units in the Enhanced Cash Portfolio is closed to all retail investment.

⁹ There is no management fee payable in respect of the Income Securities Portfolio: rather, a performance-based fee applies instead. Refer to the section below “Performance-based fees – Income Securities Portfolio” for further information.

Focus Series

Focus Series	
Fund	Fee
Moderate Fund	0.58% p.a.
Balanced Fund	0.67% p.a.
Growth Fund	0.71% p.a.
High Growth Fund	0.75% p.a.

This fee comprises fees payable to the Manager for providing investment management and administration services (including any fees payable to an underlying fund incurred in running the Scheme but excludes the other fees and charges outlined separately below.

With the exception of the Focus Series, the Manager may also pay an investor’s financial adviser, up to 1.05% p.a. from the management fee for services they provide to their client. The adviser may choose to receive less than the amounts specified above, and in this situation, the investor will receive a rebate of the difference either as additional units in their chosen fund/s or paid to their Booster wrap administration system cash account (as applicable).

For the Focus Series, your financial adviser, with your agreement, may charge you an annual percentage (%) service fee based on the value of your investment.

Other management and administration charges

These charges include the Supervisor's fee, and an estimate for other costs, disbursements, charges or expenses incurred either directly or indirectly by Booster and the Supervisor which are not covered under the management fee (such as audit fees and legal fees). Such charges are calculated daily as a percentage of the net asset value of the fund and paid monthly. They include (as applicable) the foreign exchange facilitation fee outlined below.

Foreign exchange facilitation fee

A foreign exchange facilitation fee may be charged indirectly to funds which invest in underlying funds that we also manage, or directly. This fee is up to 0.50% of any net foreign exchange transactions undertaken by the fund or underlying fund. It is deducted from the relevant fund and paid to Booster Custodial Administration Services Limited. The fee, if it applies, is reflected in the unit price of the relevant fund. Any fund that may be affected is identified in the PDS relating to that fund, and an estimate for this fee will be included.

Performance fees - Funds in the Multi-Sector PDS and the Focus Series PDS

Performance fees may be charged indirectly to these funds which invest in the Booster Tahī LP and the Booster Innovation Fund. The Booster Tahī LP is a limited partnership with Booster Tahī GP Limited as general partner, and Booster Funds Management Limited as manager (both of which are related parties to Booster). The Booster Innovation Fund is a managed investment scheme which invests in a portfolio of early stage companies founded on intellectual property originated or developed in New Zealand. We are the manager of the Booster Innovation Fund. Booster Tahī LP pays performance fees to Booster Funds Management Limited and the Booster Innovation Fund pays performance fees to us. If performance fees are charged, each fund investing in Booster Tahī LP and the Booster Innovation Fund will bear a proportionate share of any fee charged, which will be reflected in the unit price of these funds. For more information on these fees see the Booster Investment Scheme Investment Series: Multi-sector Funds Product Disclosure Statement and the Focus Series Fund Product Disclosure Statement available at www.booster.co.nz/booster-investments/investment-documents. Currently the Socially Responsible funds do not invest in Booster Tahī LP.

Performance fees – Income Securities Portfolio

A performance-based fee is payable to Booster Investment Management Limited (which is the difference between the income earned from the fund's investments and the Posted Rate to be received by investors). Once set, Posted Rates are not affected by this fee. Where the Income Securities Portfolio's income is less than the Posted Rates, the fund will rely on receiving a payment from Booster to top up that shortfall. This fee also covers the Supervisor's fee, administration costs, an estimate for other costs, disbursements, charges or expenses incurred either directly or indirectly by Booster and the Supervisor. For more information on this fee see the Booster Investment Scheme Investment Series: Income Securities Portfolio Product Disclosure Statement available at www.booster.co.nz/booster-investments/investment-documents.

Other charges

We do not apply any other fees on a regular basis.

Individual action fees

Entry fee

We do not charge any entry fees.

An entry fee may be agreed between the investor and the investor's financial adviser. Any fee would be deducted from the amount invested and will not exceed 5% of the value of the investment. We would pay the fee to the financial adviser. No entry fee is applicable to the Income Securities Portfolio.

Regular savings fee

An investor's financial adviser may charge a fee for each regular investment capped at 3.5% of the amount invested. We would deduct any fee from the amount invested and pay the fee to the financial adviser. No such fee is applicable to the Income Securities Portfolio.

There is no regular savings option available for the Income Securities Portfolio – Term Class.

Switching or exit fee

There is currently no fee for switching or exiting funds charged by the Manager, but we reserve the right to charge such a fee in the future by deducting a fee from the investor's fund balance. At least one month's notice will be given to investors before any fee is introduced and a fee will not exceed 5% of the amount of the investment.

No switching is allowed from the Income Securities Portfolio – Term Class to other funds in the Booster Investment Scheme.

An investor's financial adviser may charge an exit fee directly to an investor except for the Income Securities Portfolio – Call and Term Classes.

An early withdrawal fee may be payable if an investor chooses to make any withdrawal from an Income Securities Portfolio Term - Class Series before the expiry of the time period specified in their application.

Regular withdrawal facility fee

There is currently no fee for the establishment or operation of a regular withdrawal facility, but we reserve the right to charge such a fee in the future.

There is no regular withdrawal facility available for the Income Securities Portfolio – Term Class.

We are entitled to charge, in addition to the above, any GST or similar tax or duty payable in respect of such fees.

We reserve the right to waive fees if we consider it appropriate to do so.

In addition, we reserve the right to make fee rebates to investors where considered appropriate. Any rebates will be credited to the relevant investor's investment.

The Manager may use related parties to provide services in respect of the Scheme. These arrangements will be on reasonable arm's length terms.

Supervisor

The Supervisor is entitled to an annual fee for performing its services under the Trust Deed. The Supervisor's fee is included in the other management and administration fee (other than the Income Securities Portfolio where this fee is included in the performance fee).

Changes to fees

We can reduce our fees at any time.

Fees can be increased, or new fees can be introduced, where allowed by relevant legislation or the Trust Deed. The Supervisor will be consulted, prior to any fee increase and one month's notice in writing must be given to investors in the relevant fund of any increase in the management fee.

Reimbursement of expenses

As referred to above, the management fee covers the costs, expenses and liabilities incurred by us, as Manager, that are related to the regular and ongoing running of the Scheme.

In addition, we and/or the Supervisor are entitled to be reimbursed out of the Scheme for all non-regular and extraordinary costs, expenses and liabilities incurred in acting as the manager or supervisor of the Scheme not otherwise met out of the management fee.

The Defensive, Moderate, Balanced, Growth, Shielded Growth, High Growth, Focus Moderate, Focus Balanced, Focus Growth and Focus High Growth Funds, which invest in Booster Tahī LP, will also bear a proportionate share of the costs incurred by Booster Tahī LP in relation to the management of its investments.

2.7 Suspension

There will be times when we believe that it is not practicable for a unit price to be calculated fairly. This may happen where, for example, trading on a relevant securities exchange has been suspended. If we are not able to calculate the unit price for any fund, the issue of units and the payment of withdrawals, in relation to that fund, will be suspended.

The period of suspension can be up to 90 days. This can be extended by agreement between us and the Supervisor.

Units in respect of investments received during a period of suspension will be allocated at the unit price calculated at the end of the suspension period. Similarly, payments in respect of any withdrawals will be made at the unit price calculated at the end of the suspension period.

2.8 Amendment of the Trust Deed

We and the Supervisor may amend the Trust Deed in certain circumstances where we believe this to be necessary or desirable. Any amendment will be carried out in accordance with the Trust Deed and investors will be notified of such amendments in the Annual Report for the Scheme. For further information, please refer to the Trust Deed.

2.9 Winding up a fund and the Scheme

The Scheme can be wound up in accordance with the Trust Deed. For further information, refer to the Trust Deed.

If we believe that it is in investor's best interests, we can propose to wind up a fund at any time by giving notice. If enough investors require, a meeting of investors will be called and investors will vote on the proposal. If the wind up of a fund goes ahead, investors may be given the opportunity of switching to an alternative fund. If this is the case, any investor who does not advise us that they have chosen an alternative fund will be switched to a default fund nominated by us. Upon the winding up of a fund, the assets of the fund are realised and, after payment of all liabilities, the proceeds are distributed to the investors that held units in that fund in proportion to the numbers of units held by them immediately prior to winding up.

2.10 Risks

All investments involve some form of risk.

The principal risks of investing in the Scheme are noted and explained in the various PDSs for the Scheme, and these are:

- Asset class risk
- Market risk
- Manager risk
- Currency risk
- Interest rate risk
- Credit risk
- Liquidity risk

Although there are a number of global and domestic factors that may affect an investor's investment, the following is a description of other risks which may be material to an investor that apply to the Scheme (and which are common to most managed investment schemes generally). While the following is not meant to be a complete list of risks that may impact on an investment in the Scheme, it does cover those more likely to arise.

Investment risk generally

Investment risk is the risk of negative movements in the value of the Scheme's investments (either generally or in respect of a fund in which an investor invests). The investment risk associated with each fund depends upon the fund's mix of investment assets. Generally, investments that offer the highest potential returns also have the highest risk. Funds that have higher exposure to shares will generally suffer bigger and more frequent investment losses and gains over the long-term than funds that carry a high weighting of fixed interest assets. Investors should choose the investment that best matches their needs and attitude towards risk. Investors should note that while we take steps to help manage investment risk, no risk management process will eliminate investment risk.

Company risk

Company risk is the risk attached to the holding of shares in a specific company by a fund that may have a range of specific company risks which could, in the worst case, lead to the company going bankrupt and the value of the company's shares declining to zero. In other cases, these company risks may mean that the selected shares could perform worse than the wider market.

Tracking error risk

Is the risk that the performance of the underlying investments diverges from that of their benchmark index. Tracking error may occur because of differences between the securities held in the fund and those included in the index, pricing differences, transaction costs, the fund's holding of cash, differences in timing of the accrual of dividends, changes to the benchmark index, or the need to meet various new or existing regulatory requirements.

Concentration risk

Is the risk that the value of the investment falls more than the market as a whole, to the extent that the underlying investments are concentrated in a particular issuer or issuers, country, group of countries, region, market, industry, group of industries, sector or asset class. Although underlying funds are typically concentrated on particular investment themes, the Manager will diversify the investments across a range of underlying funds.

Inflation risk

Inflation risk is the risk that the value of assets will be eroded over the period for which the investment is held, through inflation, which may shrink the purchasing power of the capital value of assets held.

Tax rate risk

There is a risk that we either over or underpay tax within the Scheme on behalf of an investor as a result of the investor providing us with the wrong prescribed investor rate (**PIR**) or not advising us to change the PIR when it needed to be changed. In the event of an underpayment of tax an investor will be obliged to pay additional tax (and potentially penalties or interest) to Inland Revenue. If an investor's portfolio investment entity (**PIE**) income is taxed at a higher PIR and they are eligible for a lower PIR, but have not advised us of this, then any additional tax paid on the investor's behalf may reduce their income tax liability for that income year, and that investor may receive a refund via the Inland Revenue.

Loss of PIE status

As the Scheme is a PIE, there is a risk that the Scheme will lose PIE status if it fails to satisfy the PIE eligibility criteria (as defined in the Income Tax Act 2007) and that failure is not remedied within the period permitted under the Income Tax Act 2007. In this situation, the Scheme would be taxed at 28% on all taxable income. We have implemented processes to monitor on-going PIE eligibility compliance for the Scheme.

Administrative risk

Administrative risk is the risk of a technological or other failure impacting on the Scheme or financial markets in which the Scheme invests.

Third party risk

The risk that a third party that is involved in the operation of the Scheme fails to meet their obligations to provide contracted services.

Regulatory risk

Regulatory risk is the risk of future changes to tax, securities legislation or any other applicable legislation which could affect the operation of the Scheme or investors' interests in the Scheme, or of the Trust Deed being amended in a manner required or permitted by law that has the effect of reducing investors' interests in the Scheme.

Securities lending risk – All funds

Is the risk that the funds lose money from securities lending activities because the borrower of the loaned securities fails to return the securities in a timely manner, or the value of the collateral used to cover the securities lent is insufficient to cover the loan. We will only use underlying securities where it is satisfied with the securities lending policies of the security issuer, particularly relating to the use of collateral.

Lending risk – Income Securities Portfolio

The Income Securities Portfolio, the Wholesale NZ Fixed Interest Portfolio, and the Wholesale Corporate Bond Portfolio (together the '**Lenders**') lend to the Booster KiwiSaver Scheme Geared Growth Fund (see 'Related Party Transactions' on page 30 of this document). The Wholesale NZ Fixed Interest Portfolio and the Wholesale Corporate Bond Portfolio are wholesale funds offered by the Booster Wholesale Scheme. The Supervisor of the respective Lenders, Public Trust, has entered into a Pari Passu Deed agreeing to give the Lenders equal ranking of their respective security interests in the Geared Growth Fund. Whilst all Lenders have equal priority over the Geared Growth Fund assets, the risk to the Lenders of a default occurring and not receiving loan repayments is reduced because the Geared Growth Fund's total borrowings is limited to 50% of its net asset value. See the Booster KiwiSaver Scheme Statement of Investment Policy and Objectives (SIPO) for further information on the Geared Growth Fund. This can be found on the Scheme's website, www.booster.co.nz/booster-investments/investment-documents.

Managing Investment Management Risks

The Manager has in place systems to manage investment management risks. In particular:

- **currency risk** – All international fixed interest securities are hedged to remove currency risk ("hedging" is an investment technique used to offset the risk of potential loss on one investment – in this case, the risk of the currency in which the relevant international investments are held falling against the New Zealand dollar – by purchasing a second investment that is expected to perform in the opposite way). However, international shares may not always be hedged, depending on the Manager's assessment of the level of the New Zealand dollar relative to the risk. In addition, the currency risk policies and expertise of all external fund managers are checked before their appointment and monitored regularly;
- **interest rate risk** – the funds are invested across a range of different maturity dates. The Manager also actively changes the average maturity of the fixed interest securities depending on the Manager's assessment of the level of interest rates relative to the risk;

- **share market risk** – the funds are invested across a range of different share markets and companies. The Manager also appoints external fund managers to manage some of the share asset classes where it believes this complements in-house investment specialists. Diversification ensures that no single market or company has too great an impact on a fund should its share price fall significantly; and
- **credit risk** – the funds are diversified to spread the risk of issuers defaulting on their fixed interest obligations. The Manager also applies minimum credit risk criteria when selecting appropriate fixed interest securities for the funds.

2.11 Risk Indicators

Information on the risk indicator for each of the funds has been included in the PDS that is relevant to the fund. In the PDS section 4 “What are the risks of investing?” it is noted that the risk indicator will be based on the returns data for the fund for the most recent period of five years before the PDS was prepared. Each quarter, fund updates will tell you what the most recent risk indicator for the fund is, again based on returns data for the previous five years.

Some of the funds will not have been offered for a full period of five years, so five years of returns data will not be available. There will be a note in the PDS or on the fund update for some funds which tell you that a market index return has been used for the initial months of the five-year period so as to give you an indication of what the risk indicator is likely to have been.

There will be times where, for certain funds, a market index return is not going to give you the most likely outcome. In these cases, we have used an alternative methodology to give you the best indication that we can. As at the date of this document, there are no funds applying an alternative methodology

If you would like more information on the above or for an up to date list of any funds that have an alternative methodology applies, please contact us.

2.12 Taxation

The information in this section is intended as general guidance only of the relevant New Zealand tax consequences and is based on legislation in effect at the date of this document. There may be various non-New Zealand tax consequences which affect the Scheme and non-New Zealand resident investors that are not addressed here. We recommend that investors seek professional tax advice regarding their individual circumstances, to clarify any of the following, prior to investing. Investors should also periodically monitor the tax implications of investing in the Scheme and should not assume that the position will remain the same as it is when they start investing.

Neither of the Supervisor or ourselves accepts any responsibility for the taxation consequences of an investor’s investment in the Scheme.

The Scheme is registered as a Portfolio Investment Entity (‘PIE’) and the following comments are based on the Scheme remaining a PIE.

The Booster wrap administration system (the ‘System’) is a PIE investor proxy (‘PIP’) whereby the System carries out the PIE obligations of the investors of the System on their behalf.

Portfolio Investment Entity (PIE) Tax

Under the PIE regime, taxable income earned by the Scheme will be attributed to all investors in accordance with the proportion of their interest in the overall Scheme. The income attributed to each investor will be taxed at the investor's Prescribed Investor Rate ('PIR'). A PIR is similar to an individual's marginal tax rate, but it is capped at 28%. We will pay tax on behalf of the investors and undertake any adjustments to investors' interests in the Scheme in order to comply with the PIE tax requirements. This tax is likely to affect the returns investors get.

The applicable PIRs are currently 0%, 10.5%, 17.5% or 28%.

The 0% PIR is available to New Zealand resident trusts, charities, other PIEs or other managed investment schemes.

In order to qualify for the 10.5% PIR, an investor must be a New Zealand tax resident and, in either of the two income years¹ immediately before the tax year in question, the investor's:

- taxable income was \$14,000 or less; and
- combined taxable income and attributed PIE income after subtracting any attributable PIE loss was \$48,000 or less.

In order to qualify for the 17.5% PIR, an investor must be a New Zealand tax resident and, in either of the two income years¹ immediately before the tax year in question:

- the investor's taxable income was \$48,000 or less; and
- the investor's combined taxable income and attributed PIE income after subtracting any attributable PIE loss was \$70,000 or less; and
- the 10.5% rate does not apply for the current income year.

If the investor does not qualify for the 10.5% or 17.5% PIRs, the investor's PIR will be 28%. A non-resident investor's PIR will be 28%.

When a person makes an application to invest in the Scheme they must advise us of their PIR and their IRD number.

Investors will also be able to advise us of their PIR at any time, including when it changes, by contacting us. If an investor does not provide a PIR, and where the Inland Revenue has not instructed us to apply a PIR (see further below), the income attributed to the investor in the Scheme will be taxed at 28%. Further information regarding PIRs may be viewed at www.ird.govt.nz/roles/portfolio-investment-entities/find-my-prescribed-investor-rate.

Provided members advise us of a valid IRD number and the correct PIR, members will not have an obligation to file a tax return in respect of PIE income. Additionally, the income attributed to a member by the Scheme will not have an impact on family assistance eligibility, student loan repayment obligations and child support obligations.

If an investor's PIE income is taxed at a higher PIR while the investor is eligible for a lower PIR, but has not advised us of this, then any additional tax paid on the investor's behalf may reduce their income tax liability for that income year, and that investor may receive a refund via the Inland Revenue. If an

¹ An income year generally runs from 1 April to 31 March.

investor has advised us that they are eligible for a lower PIR but this is incorrect and the investor's correct PIR is at a higher rate, the investor may be liable to Inland Revenue for further tax and penalties and have to file a tax return.

It is intended that the Scheme or the PIE investor proxy (whichever is relevant) pays investors' PIE tax to the Inland Revenue annually.

Inland Revenue is able to change an investor's PIR

The Inland Revenue may instruct the Manager to change an investor's PIR rate if:

- the Inland Revenue considers that the investor's notified PIR is incorrect and the Inland Revenue holds sufficient information about the investor to determine the correct PIR; or
- the investor has not notified us of their PIR.

When the Inland Revenue instructs us to change an investor's PIR, we must apply that PIR as soon as reasonably practicable as if it was the most recently notified rate.

Should an investor then notify us of a different PIR rate after any instruction we receive from the Inland Revenue, we will apply the new rate provided by the investor.

If an investment in a fund is made by two or more persons jointly, we may, in our complete discretion, either treat those persons as separate investors (in equal shares) or treat those persons as a single investor. Where two or more persons are jointly treated as a single investor, the correct PIR is the highest notified PIR applicable to those persons as notified by the joint investors. All persons making joint applications for units are required to provide their individual PIRs and valid IRD numbers.

A trust investor with a 0%, 10.5% or 17.5% PIR must include the PIE income attributed by the fund in its own tax return and may claim a credit for any tax already paid by the fund. If a trust has a 28% PIR, we will pay tax at the 28% rate and that is a final tax; the income does not need to be included in the trust's tax return. Other non-individual investors (e.g. a company, charity or unit trust) with a PIR of 0% must account for tax on the PIE income attributed to them by the fund in their own tax return.

Any distributions to investors should not be separately taxable, nor should there be a tax liability on the withdrawal of units in the fund, even where investors receive an amount in excess of the original cost of their units (however a withdrawal potentially triggers an attribution of taxable income in the Scheme for the current tax year).

The Manager may cancel units and/or deduct cash in investors' accounts as soon as practicable after each 31 March to pay any PIE tax due and, in any case, within the legislative timeframe of two months.

As the Scheme is registered as a PIE, any capital gains made by the Scheme in respect to shares in New Zealand resident companies and certain Australian resident listed companies are excluded from the calculation of taxable income. Most overseas shares and interests in managed funds held by the Scheme will be taxed under the foreign investment fund (**FIF**) regime, generally using the fair dividend rate (**FDR**) method.

Under the FDR method, the Scheme will be deemed to have derived income equal to 5% of the market value of its overseas shares and interests in managed funds (any dividends or other returns flowing from overseas shares and interests in managed funds should not be separately taxed in New Zealand).

Also under the FDR method, tax deductions may not be made for any losses in respect of holdings in overseas shares and interests in managed funds.

Other income of the Scheme (e.g. interest on bank deposits) is subject to the relevant normal tax rules. Tax may be imposed in overseas jurisdictions in relation to overseas investments (although this may give rise to a tax credit in New Zealand).

In order to maintain its status as a PIE, the Scheme must meet certain requirements. This means that, where necessary, we may restrict or reduce an individual's holding or delay a withdrawal request at any time to ensure that this PIE status is maintained.

The Foreign Account Tax Compliance Act (FATCA)

FATCA is legislation that was introduced by the United States Government as a means of preventing tax evasion by US citizens and tax residents. FATCA has been adopted by the New Zealand Government through an Intergovernmental Agreement with the US Government (the 'IGA') and enabling domestic legislation. Under the IGA, certain New Zealand financial institutions, such as the Scheme, are required to identify investors that are US persons (or certain entities controlled by US persons), and to report certain information about those investors and their financial accounts to Inland Revenue. This information is collated by Inland Revenue and passed to the US Internal Revenue Service. For more information on FATCA, please refer to the Inland Revenue website: www.ird.govt.nz/international-tax/exchange-of-information/fatca/about-fatca. The Scheme has been registered for FATCA purposes.

Automatic Exchange of Financial Account Information in Tax Matters (AEOI) and Common Reporting Standard (CRS)

AEOI and CRS imposes global rules for the purpose of avoiding offshore tax evasion through the exchange of financial information between tax authorities in different overseas jurisdictions. Additional information must be obtained from investors to determine whether any investor are non-tax residents of New Zealand (i.e. resident for tax in another country) and for any non-tax residents of New Zealand, report certain information such as tax residency, account balances and interest earned, to the New Zealand Inland Revenue. Accordingly, we may require additional information from investors in order to comply with these obligations. For more information on AEOI and CRS, please refer to the Inland Revenue website: www.ird.govt.nz/international-tax/exchange-of-information/crs/important-documents.

General Comments

Tax law is complex and changes frequently. Investors should periodically monitor the tax implications of investing in the Scheme and should not assume that the position will remain the same as it is when they start investing. The comments under this section "Tax" are provided as general background only and are not a comprehensive discussion of tax issues.

3. Socially Responsible Investment

Booster's Socially Responsible Investment Policy

Booster offers three explicit Socially Responsible Investment (**SRI**) Fund options to Booster Investment Scheme investors, which follow Environmental, Social and Governance (**ESG**) principles, and also exclude investments that are inconsistent with certain values-based criteria.

For information about our approach to responsible investing please refer to our **Approach to Responsible Investing** document, at www.booster.co.nz/responsible-investing-policy.

Responsible Investment Certification

Booster is a member of the Responsible Investment Association Australasia (**RIAA**). The RIAA is the industry body representing responsible and ethical investors across Australia and New Zealand. It works to promote a more responsible approach to investment, and to encourage more people to actively choose a responsible and ethical option for their savings and investments, across superannuation, banking, general investments and KiwiSaver members in New Zealand.

The following Booster Investment Scheme Funds are certified under RIAA's Responsible Investment Certification Program (**Program**):

- Socially Responsible Moderate Fund
- Socially Responsible Balanced Fund
- Socially Responsible Growth Fund
- Socially Responsible High Growth Fund

The Program is aimed at helping the investors of all kinds navigate towards investment options and financial advice that better match their investment beliefs and personal values. Developed in 2005 as a response to the growing demand for responsible and ethical investments, the Program provides investors with standardised and consistent information allowing them to compare and contrast the investment options that have been assessed and verified as responsible. The Program allows investors to access detailed information about how each investment product or financial adviser takes into account ESG and ethical issues in the investment process.

More information about the RIAA and the certification program is available on the RIAA's website www.responsibleinvestment.org.

4. Income Securities Portfolio

The Income Securities Portfolio (ISP) operates a single class of assets for investors of different classes. This enables investors to benefit from greater diversification of investments. The ISP is separated into two classes of units referred to as '**Call Class Units**' and '**Term Class Units**'.

Call Class Units

Call Class Units are available for withdrawal in the same manner as other funds. We advise the rate of interest to be paid from time to time, known as the "Posted Rate".

Term Class Units

Term Class Units may be separated into further Classes, each described as a separate series and expressed as "Term Class [interest rate] Series xxxx";

where **[interest rate]** corresponds to the interest rate that we allocate to that series, which is also referred to as the "**Posted Rate**". The Posted Rate will not change during the life of that series; and

where "**Series xxxx**" corresponds to a defining number allocated to that series.

Investment in each series shall be for a term to be agreed between the investor and ourselves. We may close a series for investment at any time and may then open a new series for investment.

To achieve delivering the Posted Rate to investors in the ISP, under a swap agreement between the Supervisor and Booster (the '**ISP Swap Agreement**'), the Supervisor swaps the active return from its underlying investments for the Posted Rate. The difference between these two amounts is accrued daily and transferred monthly between the ISP and us. For example;

- if the ISP's underlying investments outperform the Posted Rate, the Supervisor will pay the outperformance return to us. This outperformance is treated as a performance-based fee paid to the Manager. The performance-based fee is described in the Booster Investment Scheme Investment Series: Income Securities Portfolio Product Disclosure Statement available at www.booster.co.nz/booster-investments/investment-documents; or
- alternatively, if the ISP's underlying investments underperform the Posted Rate, the Supervisor will receive payment(s) from us to bring its return up to the Posted Rate.

This means that investors in the ISP will receive the pre-tax Posted Rate regardless of the return that the ISP receives from its underlying investments, unless a credit default event applies.

Credit Default events (also known as Force Majeure events)

If a credit default event occurs and that event adversely affects the value of an asset in the ISP, we, as Manager, may elect that the provisions of the ISP Swap Agreement will cease to apply for those affected assets, but will continue to apply for the unaffected assets on a pro rata basis to the proportion that the affected assets bears to the total assets in the ISP.

A credit default event is also known as a "force majeure" event. In the ISP Swap Agreement a "force majeure" event is one that is beyond the control of the Manager and/or Supervisor and which directly

results in an issuer failing to perform all or some of their obligations in respect of the relevant asset.

Where a credit default event has occurred, and we elect to suspend the swap arrangement in the ISP Swap Agreement in relation to the affected assets, investors may receive less than the Posted Rate and this may result in a reduction in the value of their initial investment. This position will apply until we determine that the event has ceased, after which the arrangements under the ISP Swap Agreement will recommence.

Any decision to suspend the swap arrangement only applies to the securities which are affected by the relevant event.

5. Guarantees

No person, including us, the Supervisor, the Government or any other party, guarantees the Scheme's performance, returns or repayment of capital.

6. Who is involved with the Scheme?

Manager

The manager of the Scheme is Booster Investment Management Limited (**Manager**) and our address is Level 19, Aon Centre, 1 Willis Street, Wellington 6011. Our ultimate holding company is Booster Financial Services Limited.

We have been granted a licence under Part 6 of the Financial Markets Conduct Act 2013 to act as a manager in respect of managed funds such as this Scheme. The conditions of our licence imposed by the Financial Markets Authority are published on www.fsp-register.companiesoffice.govt.nz.

We are also the administration manager and investment manager of the Scheme.

For details of our **leadership team** see www.booster.co.nz/about-us/meet-the-team.aspx

For details of the directors and employees who have the most influence on the investment decisions for each fund within the Scheme, see the most recent quarterly fund update for each fund, which can be found at www.booster.co.nz

The names of our **directors**, and a summary of their relevant skills, experience and expertise, is set out below. Directors may change from time to time without notice.

John Selby, Mt Maunganui (*Independent Director*).

BC, CA (Chartered Accountants of Australia and New Zealand), Member of NZ Institute of Directors

Mr Selby is the Chairman of our board of directors and an independent director. He brings a wealth of experience from his 37-year career with PricewaterhouseCoopers, of which 25 years has been as a partner in advisory and assurance. John has experience across a range of industries, including the financial services industry and in the more recent past, has taken on a number of governance roles in various industries.

Remuneration is made up of fees.

Melanie Templeton, Wellington (*Independent Director*)

Bachelor of Business Information - Marketing and Communications

Ms Templeton is a director on our board of directors and an independent director. She has a strong background in governance, risk and assurance and regulatory compliance as well as significant experience in financial services, specifically around fintech and retail banking.

Remuneration is made up of fees.

Richard Kirkland, Wairarapa (*Independent Director*)

BCom, MBA, CA, CFA, Member of NZ Institute of Directors and Institute of Internal Auditors

Richard is an independent director on our board of directors, and chairman of our Audit Risk and Compliance Committee. Richard has over 30 years of risk and financial management experience across private and public sectors. Richard has worked with many market participants and regulators in the financial services sector, has a strong practical knowledge of the New Zealand regulatory regime, and continues to practice as a consultant assisting organisations respond positively to regulatory change.

Remuneration is made up of fees.

Paul Foley, Wellington (Director).

BCA/LLB, Chartered Fellow, Member of NZ Institute of Directors

Mr Foley is a director on our board of directors and the Chairman of the board of directors of our parent company, Booster Financial Services Limited. Paul is a consultant with MinterEllisonRuddWatts. He has over 30 years' experience working with companies in the financial services, manufacturing and energy fields and is a past director and chair of NZX and ASX listed companies.

Remuneration is made up of salary.

Allan Yeo, Wellington (Director).

BCA (Hons), BA

Mr Yeo is a director on our board of directors and the Managing Director of our parent company, Booster Financial Services Limited. He has held a number of senior banking roles with Barclays Bank PLC in New Zealand, Australia and the United Kingdom and, until recently, was the Managing Director of Tranzact Financial Services Pty Limited.

Remuneration is made up of salary.

Supervisor

The supervisor of the Scheme is Public Trust (Supervisor), and Public Trust is independent of us. Their address is Level 2, Public Trust Building, 22-28 Willeston St, Wellington 6011.

The Supervisor has been granted a licence under section 16(1) of the Financial Markets Supervisors Act 2011 to act as a supervisor in respect of managed funds such as this Scheme for a term expiring on 17 January 2028. A copy of its licence, including the conditions on the licence, can be obtained at the Financial Markets Authority's website: www.fma.govt.nz.

Public Trust is a statutory corporation and Crown entity established and constituted in New Zealand on 1 March 2002 under the Public Trust Act 2001.

The Supervisor's Board can be found at: www.publictrust.co.nz/about-us/meet-public-trust-team/

Custodian

The custodian of the Scheme is PT (Booster Investments) Nominees Limited (**Custodian**), which has been nominated by the Supervisor to act on its behalf as its nominee. The Custodian is wholly-owned by the Supervisor. The Supervisor may change the custodian where it deems it appropriate or desirable to do so.

Under a Custodian Administration Services Agreement entered into between the Manager, the Supervisor, the Custodian and Booster Custodial Administration Services Limited (a related company of the Manager), the Custodian has engaged Booster Custodial Administration Services Limited to provide administration services to it in respect of the investments and other property subject to the Scheme.

Auditor

The auditor of the Scheme is Ernst & Young (**Auditor**). The Auditor is a registered audit firm under the Auditor Regulation Act 2011. The Auditor's licence is not subject to any conditions. The Auditor has no relationship with or interests in the Scheme other than in its capacity as auditor.

7. Conflicts of interest

Conflicts of interests are circumstances where some or all of the interests of investors for whom we, as Manager of the Scheme, provide financial services, are inconsistent with, or diverge from, some or all of the interests of the Manager or its representatives. This includes actual, apparent and potential conflicts of interest.

We recognise that conflicts of interest can arise at any time. We also recognise that we are responsible for identifying any conflicts and for ensuring that adequate arrangements are in place to ensure that they are managed.

The following are general situations where conflicts of interest may arise that could reasonably be expected to materially influence the investment decisions of the Manager in respect of the Scheme. See also any specific risks noted in the Product Disclosure Statements. This is not an exhaustive list:

Description of conflict of interest	Why this may influence investment decisions in respect of one or more of the Scheme's funds	Funds affected	How we manage the conflict (see also 'how we manage conflicts of interest' below)
<p>Booster as Manager of the Scheme invests the Scheme's funds into related party products, notably other funds which are managed by Booster or a related party of Booster, or directly or indirectly into loans made to other funds managed by Booster.</p>	<p>Booster earns fees in relation to the funds that it manages, including fees that are based on funds under management. Booster has an incentive to invest the Scheme's funds into other funds that it manages or into loans made to those funds.</p> <p>There is a risk that investment decisions are made for the benefit of the recipient funds that Booster manages, and/or Booster rather than the Scheme's funds.</p>	<p>All</p>	<p>Controls are in place to ensure that any arrangements between related parties are identified, and where related party benefits are received from scheme property, completed at arms-length and on commercial terms (as required by the Trust Deed governing the operation of the Scheme) and subject to a certification process with the Supervisor.</p> <p>When a Scheme fund invests into another fund managed by Booster, Booster rebates to the Scheme fund the value of the underlying fund management fee, (but not performance-based fees for Tahī and BIF) so there is no additional management fee earned by Booster. Any fees not fully rebated are disclosed as additional fees.</p>

Description of conflict of interest	Why this may influence investment decisions in respect of one or more of the Scheme's funds	Funds affected	How we manage the conflict (see also 'how we manage conflicts of interest' below)
<p>Booster earns fees linked to certain fund management activities – for example a foreign exchange facilitation fee, or a borrowing fee for the geared funds.</p>	<p>Booster could be influenced to make fund management decisions – for example to increase foreign exchange transactions or borrowing levels in geared funds – in order to earn more fees.</p>	<p>All</p>	<p>Appropriate governance structures are in place which include monitoring of fund management activities.</p>
<p>Under the ISP Swap Agreement (see Section 4 for more information), Booster provides the Posted Rates to investors and in exchange Booster receives the income earned from the fund's investments that is above the Posted Rates. The difference between these two amounts is accrued daily and transferred monthly between the ISP and Booster and is disclosed as a performance-based fee.</p>	<p>Booster sets the Posted Rates, makes investment decisions for the ISP, and can benefit under the ISP Swap Agreement. There is a risk that investment decisions made by Booster are influenced by the ISP Swap Agreement.</p>	<p>Income Securities Portfolio (ISP)</p>	<p>Appropriate governance structures are in place which include monitoring of fund management activities.</p>

Description of conflict of interest	Why this may influence investment decisions in respect of one or more of the Scheme's funds	Funds affected	How we manage the conflict (see also 'how we manage conflicts of interest' below)
<p>Related parties may be in a position to exert influence over Booster for example where they have shared directors and/or contractual links with Booster.</p> <p>Similarly, individuals may be influenced to direct one or more of the Scheme's funds to invest in specific investments or in a certain way, for example due to them holding interests in the Scheme or in another investment, or in the Booster Group.</p>	<p>There is a risk that influence is exerted to impact investment decisions in relation to one or more of the Scheme's funds to achieve objectives that differ from that funds' objectives.</p>	<p>All</p>	<p>Steps are taken to ensure segregation of duties where appropriate, and appropriate governance structures are in place which include monitoring of fund management activities.</p> <p>Controls are in place to ensure that related party transactions are clearly identified, and where related party benefits are received from scheme property, completed at arms-length, are consistent with the respective fund's objectives, and are on commercial terms (as required by the Trust Deed governing the operation of the Scheme).</p>
<p>Contractual arrangements are entered into between related parties.</p> <p>See 8.1 Related Party Contracts for further information.</p>	<p>There is a risk that arrangements entered as part of investment decisions may favour the related party to the detriment of one or more of the Scheme's funds, or that the related party may not meet its obligations to the detriment of the Scheme due to the close association of the parties.</p>	<p>All</p>	<p>Controls are in place to ensure that related party transactions are clearly identified, and where related party benefits are received from scheme property, completed at arms-length, are consistent with the respective fund's objectives, and are on commercial terms (as required by the Trust Deed governing the operation of the Scheme).</p> <p>Steps are taken to ensure segregation of duties where appropriate, and appropriate governance structures are in place.</p>

How we manage conflicts of interest

Comprehensive policy has been developed relating to the management of conflicts of interest, including but not limited to conflicts that might materially influence the investment decisions of the Manager in respect of the Scheme (see also 8.1 related party transactions). Procedures and processes have been put in place for:

- Identifying conflicts of interest;
- Controlling conflicts of interest;
- Avoiding conflicts of interest; and

- Disclosing conflicts of interest.

7.1 Related party transactions – contractual arrangements

Conflicts of interest may arise with regard to services that are, or that may be, provided by related parties of ourselves or the Supervisor to the Scheme.

The Financial Market Conduct Act 2013 and the Trust Deed governing the operation of the Scheme includes provisions that generally prevent us, as Manager, or Booster Financial Services Limited (BFSL) from entering into arrangements with a related party in relation to the Scheme that involves related party benefits², unless certain steps are taken (for example transactions are completed on arm's length/commercial terms) and appropriate certification is provided to the Supervisor. In addition, both we and the Supervisor must, at all times, act in the best interests of members when performing any duties in relation to the Scheme. Controls are in place to ensure that related party transactions are managed appropriately.

The following contractual arrangements for the provision of services by related parties in relation to the Scheme are currently in place:

Agreements relating to the Scheme generally

- the Custodian, which is a related company of the Supervisor, has been appointed by the Supervisor to act as custodian and to hold the investments of the Scheme;
- Booster Custodial Administration Services Limited (BCAS), which is a related company of ours, has entered into a Custodial Administration Services Agreement with the Custodian, the Supervisor and us (as the Manager). This agreement delegates administration services of the Custodian to BCAS, including those relating to the acquisition, registration, and disposal of or other dealing with the assets of the Scheme, and as a result BCAS operates on instruction from the Manager (or Supervisor or Custodian) in regard to these services. This agreement outlines BCAS will be paid fees for these services from the Scheme assets. Currently these fees include the foreign exchange facilitation fee.
- While not a direct cost of the Scheme, the Manager has entered into a services agreement with BFSL whereby BFSL provides services and support for the company, the Scheme and its investors, including record keeping, accounting and administration, marketing and communications, investment management support, risk and compliance management, information technology, management functions and other resources as required by the Manager. In return, BFSL is paid a fee by the Manager. The Manager is a wholly owned subsidiary of BFSL. BFSL may also provide the Manager additional capital if required.

Agreements relating to loans made to the Booster KiwiSaver Scheme geared funds

- Public Trust which is the Supervisor of the Booster Wholesale Scheme Wholesale Socially Responsible NZ Fixed Interest Portfolio has provided the supervisor of the Booster KiwiSaver Scheme Socially Responsible Geared Growth Fund a loan facility of up to \$6,000,000 from the

² Related Party Benefits as defined in section 172 of the Financial Markets Conduct Act 2013

Wholesale NZ Socially Responsible Fixed Interest Portfolio (one of the funds comprising the Booster Wholesale Scheme) for use by the Booster KiwiSaver Scheme Socially Responsible Geared Growth Fund;

- the supervisor of the Booster KiwiSaver Scheme has granted a security interest in favour of Public Trust (as supervisor of the Booster Wholesale Scheme Wholesale NZ Socially Responsible Fixed Interest Portfolio) over the assets of the Booster KiwiSaver Scheme Socially Responsible Geared Growth Fund as security for the loan obligations referred to above.
- Public Trust as the Supervisor of the Income Securities Portfolio has provided the supervisor of the Booster KiwiSaver Scheme Geared Growth Fund a loan facility of up to \$10,000,000 from the Income Securities Portfolio (one of the funds comprising the Booster Investment Scheme) for use by the Booster KiwiSaver Scheme Geared Growth Fund.
- Public Trust as the Supervisor of the Wholesale NZ Fixed Interest Portfolio, a wholesale portfolio offered by the Booster Wholesale Scheme, has provided the supervisor of the Booster KiwiSaver Scheme Geared Growth Fund a loan facility of up to \$25,000,000 from the Wholesale NZ Fixed Interest Portfolio for use by the Booster KiwiSaver Scheme Geared Growth Fund.
- Public Trust as the Supervisor of the Wholesale Corporate Bond Portfolio, a wholesale portfolio offered by the Booster Wholesale Scheme, has provided the supervisor of the Booster KiwiSaver Scheme Geared Growth Fund a loan facility of up to \$10,000,000 from the Wholesale Corporate Bond Portfolio for use by the Booster KiwiSaver Scheme Geared Growth Fund.
 - In relation to the lending provided to the Booster KiwiSaver Scheme Geared Growth Fund by the Income Securities Portfolio, the Wholesale NZ Fixed Interest Portfolio and the Wholesale Corporate Bond Portfolio, the Supervisor has entered into a Pari Passu Deed agreeing to give the Income Securities Portfolio, the Wholesale NZ Fixed Interest Portfolio and the Wholesale Corporate Bond Portfolio equal ranking of their respective security interests in the Geared Growth Fund.

These contracts that are in respect of and charged to the Scheme have been entered into on an arm's length basis.

The authorised investments for the Scheme include investing in the assets relevant to a particular fund either directly or indirectly via an underlying fund. Currently, the Scheme's funds primarily gain their exposure to the various investment assets by investing in underlying funds that we also manage.

The Manager has also entered into the ISP Swap Agreement with the Supervisor in relation to the Income Securities Portfolio. Refer to section 4 above for more information and section 8 for how to access a copy of this agreement.

8. Other material contracts

Other contracts, not otherwise mentioned in this document, include:

- Management and Reporting Agreement between the Manager and the Supervisor in respect of the supervision and management of the Scheme. The Management and Reporting Agreement details the duties, responsibilities and reporting requirements and obligations of Booster, as manager, and the Supervisor to facilitate the satisfactory operation of the Scheme, in respect of the supervision, administration and investment management of the Scheme.
- Swap Agreement in relation to the Income Securities Portfolio between the Supervisor and Manager. Refer to section 4 above for more information.

Further information on the above contracts, as well as those that are referred to elsewhere in this document, is available by contacting us on **0800 336 338**. A copy of the Income Securities Portfolio Swap Agreement is also available at www.disclose-register.companiesoffice.govt.nz.

See section 7.1 – “Related party transactions – contractual arrangements” for other contracts between related parties.

9. Other important information

The Financial Markets Authority (FMA) has filed civil proceedings alleging breaches of the Financial Markets Conduct Act by Booster and some of its executive directors and senior managers. The proceedings relate to investments made by Booster on behalf of Schemes managed by it via an associated limited partnership, the Booster Tahī Limited Partnership (Tahī). Tahī in turn invested less than 1.3% (as at 31 May 2024) of Booster's funds under management into the Booster Wine Group (BWG). The FMA allegations include that by making those investments Booster breached its duties and obligations as manager of the Booster KiwiSaver Scheme, the Booster Super Scheme and the Booster Investment Scheme. FMA's press release can be found here: www.fma.govt.nz/news/all-releases/media-releases/.

Booster strongly disputes FMA's allegations and will defend itself vigorously. Booster does not accept any wrongdoing and stands by its robust investment practices and its decision to invest in the wine sector. Booster continues to believe its investment structure and processes are appropriate and that investors' interests have not been compromised. Booster looks forward to the opportunity ahead to demonstrate that it acts in its customers best interests. For further information on Booster's position see our media statement here: www.booster.co.nz/booster-press-release.



investments@booster.co.nz

0800 336 338

Monday to Friday 8am – 8pm

If you're overseas, call +64 4 894 4300

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