

# Fund Feature Comparison

The Booster Savvy Fund provides features that have similarities and differences from a transactional account available through a bank, credit union or other financial service provider. The table below highlights those features compared with a typical on-call transactional bank account.



## Summary of the Fund's Features

## Comparison with a Typical On-Call Transactional Bank Account

### Legal Structure

- The Fund is established as a Managed Investment Scheme managed by a licensed manager
- The Manager is regulated by the Financial Markets Authority
- The Manager does not have a financial strength rating
- The investment assets are held on trust, separate from the assets of the Manager or the Supervisor
- Not expected to be covered by a bank deposit guarantee scheme if introduced in the future

- A bank deposit is a debt security issued by (a loan to) a registered bank
- A bank is prudentially regulated by the Reserve Bank of New Zealand
- A bank is required to have a financial strength rating
- A bank deposit with a bank is not held separately from the other assets and liabilities of the bank
- Up to \$100,000 per person per institution is expected to be covered under the proposed bank deposit guarantee scheme

### Supported by Money Management Tools

You will have money management tools and receive insights on your spending patterns to help you make better money management decisions

Some bank accounts also provide support tools

### Transferring Money In

Your account number is registered and recognised in the NZ payments system enabling you to make deposits and transfers to other registered accounts

Same

### Spending and Withdrawing Money

You can spend/transfer funds in any of the following ways:

- Transfer to a NZ bank account or set up a regular automatic payment
- Through Eftpos network
- Withdraw from a NZ ATM
- Where Mastercard is accepted:
  - Using contactless service (i.e. PayPass)
  - Pay via mobile or wearable devices using Apple Pay or Google Pay
  - Pay online (NZ or overseas) for one-off or regular payments
  - Withdraw from an overseas ATM
  - Use your card overseas

Generally the same, though some accounts may not support Apple Pay or Google Pay, or may not have an arrangement with Visa or Mastercard for contactless or overseas transactions

You **cannot** do the following:

- Visit a branch to request a transaction or discuss your account
- Set up a direct debit from this account, though you can register your debit card with merchants for regular payments
- Transfer directly to an overseas bank account
- Overdraw your account

### Underlying Investments

The Fund invests in cash deposits or NZ government or NZ bank securities (i.e. a loan to a bank or the government)

The Fund's investments are exposed to repayment risk by the relevant bank or the NZ government, and their value is also supported by a contractual commitment by the Manager (under the swap agreement)

### Unit Price

The value of each unit is \$1 (and supported by a contractual commitment by the Manager), meaning your unit balance is your cash value

### Returns

- The Fund aims to provide a return that is competitive relative to on-call transactional accounts
- Potential to earn a Bonus Return when the Fund's total income exceeds the Set Return after the deduction of fees and other costs i.e. any excess earnings are paid to customers
- Returns are largely supported by the Fund's investment return, and also supported by the Manager under the Swap Agreement
- The Fund is a PIE, so the tax rate on your return is capped at 28%

### Fees

- Booster's earnings from the Fund is capped at 0.6%
- Transaction fees are only payable on foreign currency transactions

- Many banks have a branch network to provide a face to face service
- Generally direct debits can be established, and transfers can be made to overseas bank accounts
- Overdraft facilities may be available

An on-call transaction account is debt security (a loan) to a bank

The repayment risk of the deposit reflects the strength of the relevant bank (though see above on potential bank deposit guarantee scheme)

Deposits are directly expressed in cash value

- Typically, interest on cheque accounts is low or nil, though interest may be available on some savings accounts with transactional capability
- Typically, any excess transactional activity income is retained by the card issuer
- Returns are supported by the bank's earnings
- Interest on normal deposit accounts is payable at the accounts holders tax rate, which may be as high as 39%. Some banks do issue 'cash PIEs' which have the same tax rate cap as this Fund

- The total earnings of a bank are not generally capped and may take the form of fees, margins on interest rates, and fees earned on your transactional activity in the payment system
- For some bank accounts, transaction fees may apply for certain domestic transactions including some ATM withdrawals as well as foreign currency transactions