

booster **savvy**

Booster Savvy Fund

of the Booster Savvy Scheme

Statement of Investment Policy
and Objectives

23 May 2023

Version No. 23.1

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Booster Savvy Fund

1. Description of the Fund

The Booster Savvy Fund (**Fund**) is a managed investment product established under the Booster Savvy Scheme (**Scheme**) which is a registered managed investment scheme under the Financial Markets Conduct Act 2013 (**Act**). The Scheme is managed by Booster Investment Management Limited (**Manager**).

The Fund aims to provide customers with a competitive everyday on-call transactional account providing customers easy access to withdraw money from their account. The Fund provides a set return (**Set Return**), paid each month, with the potential for additional quarterly bonus returns (**Bonus Returns**). The Set Return and any Bonus Returns are paid by the Manager by way of a Swap Agreement between the Manager and the Supervisor to the Fund, Public Trust. It is a requirement of the SIPO that the Manager and the Supervisor enter into the Swap Agreement or equivalent arrangement whereby any shortfall between the earnings of the Fund and the Set Return is offset by a top up required to be paid.)

Because the Manager's fee is capped, and the Manager also pays the Set Return (bearing any shortfall relative to the earnings of the Fund), there is a natural alignment of incentives to maintain a low risk profile. For further information on the Swap Agreement refer to the Product Disclosure Statement.

2. Investment objective

a) Objective

To provide a modest return that is competitive relative to on-call transactional accounts, while ensuring a stable capital value and ready access to funds.

b) High level strategy

We aim to achieve this through holding bank deposits and high quality money market instruments.

3. Investment philosophy

Consistent with the Fund being used to support an everyday on-call transactional account for customers, the Manager's philosophy is to adopt a low level of risk and high level of liquidity, with capital stability for customers further supported by the Swap Agreement in place between the Manager and the Supervisor to the Fund, Public Trust.

4. Investment strategy

While this section outlines the guidelines for the Fund's investments, the Set Return is a key driver of the actual returns that customers will receive.

a) [Investment strategy](#)

To provide a modest return that is competitive relative to on-call transactional accounts, while ensuring a stable capital value and ready access to funds.

b) [Permitted Investments and Benchmark Asset Allocation](#)

The benchmark asset allocation for the Fund is 100% Cash and Cash Equivalents.

Cash and Cash Equivalents permitted includes any of the following with a term of 13 months or less, which provide a fixed or floating rate of interest:

- Money market instruments and deposits issued by a New Zealand bank
- New Zealand government securities; or,
- Any security bond required by a provider of transactional card payment services.

The Fund may obtain its investment exposures either by investing directly, or through other managed funds (including funds managed by the Manager).

Realisation of assets for cash may include holding to maturity, sale, or via repurchase arrangements.

c) [Benchmark Index](#)

The Bloomberg NZBond Bank Bill Index will apply as the Benchmark Index for overall returns on the Fund. More information on this index can be found here:

<https://data.bloomberglp.com/professional/sites/10/AusBond-Index-Methodoloy-10-09-2018.pdf>

5. [Investment policies](#)

a) [Liquidity management](#)

The Fund's investments will be managed to support the on-call availability of funds to customers.

Liquidity monitoring will incorporate ongoing review of daily transaction volumes. Assets redeemable for cash within one business day are to be maintained at a level at least 5x the average daily settlement for client transactions over the prior three months.

At a minimum, the Manager will allocate investments subject to the following limits:

- Cash and cash equivalents held on call must exceed 25% of the Fund
- Cash and cash equivalents held on call or maturing within five business days must exceed 50% of the Fund
- The weighted average maturity of assets in the Fund will be 60 days or less
- The maximum investment term or maturity for any individual security is 13 months
- Notwithstanding these limits, 100% of the assets of the Fund will be held on call in bank deposits for the first six months of the Fund's existence as a retail offer. Any subsequent change in this position will be subject to engagement with the Supervisor.

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b) **Credit risk management**

The Fund's underlying credit exposures will have a minimum credit rating of Standard & Poor's A1 short term or equivalent from other rating organisations (or Manager's assessed equivalent). Any security that falls below these minimums once already held by the Fund will not be automatically sold, but will be reviewed for appropriateness and may be retained to its maturity. The Fund may hold up to 100% of its investments on call with a major NZ trading bank.

c) **Distributions**

The Manager will set a Set Return for the Fund (before fees and tax) that is paid (distributed) by issuing additional units to customers each month, with the potential for additional quarterly Bonus Returns where the Fund's investments earn over the Set Return after the deduction of fees and other costs, and certain other criteria are met. Refer to the Product Disclosure Statement for further information.

d) **Leverage**

The Fund will not actively enter into any leveraged investment position (where the Fund actively borrows as part of its investment strategy). In some cases it is possible that securing liquidity via the sale of an asset under a repurchase facility may result in a delay between paying a customer's redemption and the underlying investment exposure being sold or maturing. Any risk from the investment exposure during this time will be covered under the Swap Agreement.

e) **Conflicts of interest**

The Set Return provided to customers in the Fund is paid by the Manager via the Swap Agreement (including any top up required between the Set Return and the earnings of the Fund). Further information on the Swap Agreement is included in the Product Disclosure Statement, and information on how conflicts of interest are managed is included in the Other Material Information document both available on the Manager's website **www.booster.co.nz**.

f) **Taxation**

The Fund is a Portfolio Investment Entity (PIE) for tax purposes and attributes its taxable income to its customers who pay tax at their respective Portfolio Investment Rate (PIR). Further information on taxation is included in the 'Other Material Information' document available on the Manager's website **www.booster.co.nz**.

6. **Investment performance monitoring**

The Manager will undertake a regular review of the investment performance of the Fund relative to the Fund's stated investment objectives. The Fund's objectives will be reviewed by the Manager and the Investment Committee on an annual basis.

7. Investment strategy and SIPO review

The Manager will review the Fund's investment strategy and this SIPO at least annually.

It is not expected that the investment objective in the SIPO will necessarily change frequently or annually.

The Fund's investment strategy and SIPO may be reviewed at any time should the Manager deem it necessary, for events such as where:

- New legislation affects investment requirements.
- Fundamental changes in the long term social, political or economic environment suggest a change in investment principles and expectations.
- A significant change occurs to the underlying customer base of the Fund.
- New types of investment opportunities require consideration for inclusion in the Fund.
- The Fund's competitive or market position has implications for customers' assets and/or liquidity.

Any changes to the investment strategy or this SIPO will firstly be approved by the Manager's Investment Committee. Once approved, the Manager will consult with the Supervisor and give them written notice of any changes before they take effect. The current version of the SIPO for the Fund is available on the scheme register at www.disclose-register.companiesoffice.govt.nz or www.booster.co.nz. Any material changes to the SIPO will be advised in the Booster Savvy Scheme annual report, which will be available on the scheme register.