

# Booster SuperScheme

Superannuation Scheme Section

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Other Material Information

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# 1. Introduction

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This document is designed to provide potential investors with information on the Superannuation Scheme section of the Booster SuperScheme (**Scheme**) that we believe may be material to a decision to invest in the Scheme. The information provided complements the Product Disclosure Statement (**PDS**) for this section of the Scheme.

Additional information regarding the operation of the Scheme can be found in the Scheme's trust deed which can be viewed at [www.booster.co.nz](http://www.booster.co.nz).

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 the 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 336 338**. You can also discuss your personal situation with your financial adviser.

## 2. Information about the Scheme

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### 2.1 Member accounts

Each member in the Scheme will have a member's account opened in their name to record:

- Contributions made by the member;
- Any contributions made by an employer on behalf of the member;
- Transfers received from other New Zealand superannuation schemes or superannuation schemes outside of New Zealand; and
- Any other credits due to the member.

Deductions will be made from each member's account in respect of any withdrawals made, for fees and expenses (other than those that are deducted from the assets of each fund – see section 2.5 – ‘*Fees and expenses*’ for details) and for any other debits relevant to the member.

Investment returns (whether gains or losses) will be reflected regularly in the member's account by changes in unit prices (see below).

#### ***Member's account expressed as units***

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

Contributions and other credits to the Scheme are used to purchase units in the fund(s) selected by the member. Similarly, withdrawal payments and other deductions from the member's account are made by selling units.

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

## 2.2 Calculation of Fund value and unit value

A fund's value (known as the 'net asset value') 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.

Income received by a fund is not distributed to members. Rather, this income is accumulated within that fund and will be reflected by an increase in the unit price for that fund.

### 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 or apply a levy to individual investors so that only the investors who are transacting on that day incur the associated transaction costs.

A dilution adjustment (also known as swing pricing) is one way for the Manager to apply these transaction costs. When a dilution adjustment is applied to a fund, investors who invest or withdraw from that 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 adjustment stays in the fund to cover the transaction costs and is not a fee paid to us.

## 2.3 Market indices

Where applicable, each asset class in which any of the Scheme's investments are held is measured, for performance purposes, against an appropriate 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 Policy and Objectives (SIPO). This can be found on the Scheme's website at [www.booster.co.nz](http://www.booster.co.nz). The indices are also listed below.

## Single-Sector Fund – 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
Cash Portfolio	S&P/NZX Call Rate Deposit Index	<a href="http://us.spindices.com/indices/fixed-income/sp-nzx-call-rate-deposit-index">http://us.spindices.com/indices/fixed-income/sp-nzx-call-rate-deposit-index</a>
Sterling Cash Portfolio	Barclays Benchmark Overnight GBP Cash Index	<a href="https://indices.barclays/IM/12/en/indices/details.app;ticker=BXIIBGB0">https://indices.barclays/IM/12/en/indices/details.app;ticker=BXIIBGB0</a>
Sterling International Shares Portfolio	MSCI World Total Return Index (Hedged to GBP).	<a href="http://www.msci.com/indexes">www.msci.com/indexes</a>

## 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). MSCI World Total Return Index (Ex-Australia) hedged into New Zealand dollars MSCI Emerging Markets Total Return Index	<a href="http://www.msci.com/indexes">www.msci.com/indexes</a>
Australian Equities	S&P/ASX 200 Total Return Index. S&P/ASX 200 Total Return Index hedged into New Zealand dollars S&P/ASX 200 Industrials Accumulation Index.	<a href="https://www2.asx.com.au/markets/trade-our-cash-market/overview/indices">https://www2.asx.com.au/markets/trade-our-cash-market/overview/indices</a>
New Zealand Equities	S&P/NZX50 Gross Index with Imputation.	<a href="https://www.spglobal.com/spdji/en/documents/methodologies/methodology-sp-nzx-index.pdf">https://www.spglobal.com/spdji/en/documents/methodologies/methodology-sp-nzx-index.pdf</a>
Property	S&P/NZX All Real Estate Industry Gross with Imputation Index. FTSE EPRA / NAREIT Developed ex Australia Rental Index hedged into New Zealand dollars	<a href="https://www.spglobal.com/spdji/en/documents/methodologies/methodology-sp-nzx-index.pdf">https://www.spglobal.com/spdji/en/documents/methodologies/methodology-sp-nzx-index.pdf</a>  <a href="http://www.ftse.com/products/indices/epra-nareit">www.ftse.com/products/indices/epra-nareit</a>
International Fixed interest	Barclays Global Aggregate Bond Index (NZD Hedged).	<a href="http://www.bloombergindices.com/bloomberg-barclays-indices/">http://www.bloombergindices.com/bloomberg-barclays-indices/</a>

New Zealand Fixed Interest	Bloomberg NZ Bond Composite Index Bloomberg NZ Bond Bank Bill Index Bloomberg NZ Bond Credit Index	<a href="https://assets.bbhub.io/professional/sites/10/Bloomberg-Index-Publications-AusBond-and-NZBond-Index-Methodology-2022-12-">https://assets.bbhub.io/professional/sites/10/Bloomberg-Index-Publications-AusBond-and-NZBond-Index-Methodology-2022-12-</a>
Cash & Cash Equivalents	S&P/NZX Call Rate Deposit Index Barclays Benchmark Overnight GBP Cash Index	<a href="http://us.spindices.com/indices/fixed-income/sp-nzx-call-rate-deposit-index">http://us.spindices.com/indices/fixed-income/sp-nzx-call-rate-deposit-index</a> <a href="https://indices.barclays/IM/12/en/indices/details.app?ticker=BXIBGB0">https://indices.barclays/IM/12/en/indices/details.app?ticker=BXIBGB0</a>

## 2.4 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 in the Trust Deed to the amount of the fees or expenses the Manager or the Supervisor may recover from the Scheme.

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

- Annual fund charges**

The annual fund charge is made up of the management fee, other management and administration charges and any relevant performance-based fees.

### ***Management fee***

This fee varies between funds and is a percentage of the net asset value of the fund (see section 2.2 – ‘*Calculation of fund value and price*’ above to see how the net asset value is determined). It is calculated daily and deducted monthly from the relevant fund. As a result, the unit price for the fund and members’ returns are reduced by the amount of the fee payable by the member. The management fee for each fund is set out below.

Fund	Fee
<b>Multi-sector Funds</b>	
Conservative Portfolio	1.47% p.a.
Balanced Portfolio	1.48% p.a.
Growth Portfolio	1.50% p.a.
High Growth Portfolio	1.59% p.a.
Shielded Growth Portfolio	1.59% p.a.
<b>Socially Responsible Funds</b>	
Socially Responsible Balanced Portfolio	1.48% p.a.
Socially Responsible High Growth Portfolio	1.59% p.a.
<b>Single-sector Fund</b>	
Cash Portfolio	1.05% p.a.
<b>Sterling Funds</b>	
Sterling Cash Portfolio	1.30% p.a.
Sterling International Share Portfolio	1.47% p.a.
Sterling Socially Responsible Balanced Portfolio	1.48% p.a.

This fee comprises fees payable to us for providing investment management (including the implementation of our Responsible Investing Policy where applicable), access to financial advice and administration services (including any fees payable to an underlying fund) and the fee payable to the Supervisor for providing supervisory services. It also reimburses our and the Supervisor's regular costs, expenses and liabilities incurred in running the Scheme (such as audit fees and legal fees).

### ***Other management and administration charges***

The charges include the foreign exchange facilitation fee as outlined below that is not covered under the annual management fee.

#### ***Foreign exchange facilitation fee***

A foreign exchange facilitation fee may be charged directly or indirectly to funds which invest in underlying funds that we also manage. 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, a related company of the Manager which provides custodial administration services for the Scheme.

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, and an estimate for this fee is included. This fee does not apply to the Sterling Cash Portfolio, Sterling International Share Portfolio, Sterling Socially Responsible Balanced Portfolio and Cash Portfolio.

### ***Performance fees***

Performance fees may be charged indirectly to funds which invest in the Booster Tahī LP and the Booster Innovation Fund. Currently, the Conservative, Balanced, Growth, High Growth, and Shielded Growth Portfolios may invest in Booster Tahī LP. The Booster Tahī LP invests in private (unlisted) small to medium sized New Zealand companies and 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). Currently, the Conservative, Balanced, Growth, High Growth, Shielded Growth, Socially Responsible Balanced, Sterling Socially Responsible Balanced and Socially Responsible High Growth Portfolios may invest in the Booster Innovation Fund. 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 performance fee charged, which will be reflected in the unit price of these funds. For more information on these performance fees see the Booster SuperScheme Product Disclosure Statements available at [www.booster.co.nz](http://www.booster.co.nz).

- **Other charges**

#### ***Service fee***

A member may be charged by their financial adviser a service fee of up to 0.70% p.a. of the value of their investment in the Scheme. This fee is agreed between the financial adviser and the member. If a service fee applies it is deducted from the member's account on a monthly basis and when a member's account is closed.

- **Individual action fees**

#### ***Contribution fees***

If a member is making a lump sum contribution, their financial adviser may charge a fee of up to 5% of the lump sum contribution amount, as agreed with the member. This fee is deducted from the lump sum

contribution the member makes to the Scheme before the contribution is credited to their member account and paid to their financial adviser.

### ***Lump sum contribution withdrawal fee***

Where part or all of a lump sum contribution is withdrawn within one year of its deposit there will be a withdrawal fee of 1% of the amount withdrawn.

If part or all of a lump sum contribution is withdrawn within two years but more than one year after its deposit, the withdrawal fee is 0.50% of the amount withdrawn.

If money transferred from a UK Pension Fund to the Scheme is withdrawn within three years but more than two years after its deposit, there is a withdrawal fee of 0.25% of the amount withdrawn.

There is no withdrawal fee if part or all of a lump sum contribution (other than money transferred from a UK Pension Fund to the Scheme) is withdrawn after two years.

There is no withdrawal fee if part or all of the money transferred from a UK Pension Fund to the Scheme is withdrawn after three years.

The lump sum contribution withdrawal fee is deducted from the member's account and paid to Booster.

In relation to UK Pension Transfer Money this fee will not be charged on withdrawals made by members that are under the UK normal minimum pension age.

### ***Other fees***

At the date of this document, we may, but do not charge, a fee for switching funds or a withdrawal fee on additional withdrawals made during a calendar month. However, we reserve the right to charge these fees in the future and will provide members with prior notice before charging these fees. These fees (if charged) will be applied in the following manner:

- ***Switching fee***

There is no switching fee for the first switch (change) of investment option in any calendar month. We may charge a member a switching fee of \$60 for any subsequent switch in the same calendar month. This fee will be deducted from the member's account and paid to us.

- ***Withdrawal fee***

There is no fee for the first withdrawal a member makes in any calendar month. We may charge a fee of \$60 for each additional withdrawal a member makes in a calendar month. The withdrawal fee will be charged in addition to any applicable lump sum contribution withdrawal fee and will be deducted from the member's account and paid to us.

All fees are stated as Goods and services tax (GST) exclusive. Under current law, some fees are wholly or partially exempt from GST. If GST should be or become payable on any of the fees, then GST will be added to the fees stated.

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 members where considered appropriate. Any rebates will be credited to the relevant member's member account.

We 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 management fee (referred to above).



## **Changes to fees**

We and the Supervisor can waive or 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 of any management fee increase to all members in the relevant fund.

## **Reimbursement of expenses**

As referred to above, the management fee covers the investment management and administration fees (including any fees payable to an underlying fund) and supervisor's fees, and the costs, expenses and liabilities incurred by us, and/or the Supervisor 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.

## **2.5 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 contributions and transfers 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, including transfers out, will be made at the unit price calculated at the end of the suspension period.

## **2.6 Amendment of the trust deed**

We and the Supervisor may amend the trust deed. Any amendment is subject to the Financial Markets Conduct Act 2013 and its regulations or any other enactment.

However, any amendment which reduces, postpones or otherwise adversely affects the benefits that may in due course, flow from, or are attributable to, membership of the Scheme up to the date the amendment is made, may only be made with the written consent of all members who would be adversely affected by the amendment, or, in any other case, approved by a special resolution to members (or, if applicable each class of members) that is or may be adversely affected by the amendment.

Any amendment will be carried out in accordance with the trust deed and members will be notified of any material amendments in the Annual Report for the Scheme. For further information, please refer to the trust deed.

## 2.7 Winding up a fund and the Scheme

The Scheme can be wound up in accordance with the trust deed.

If the Scheme is wound-up, any amount payable to a member which includes money transferred from a UK Pension Fund, can only be transferred to another registered superannuation scheme elected by the member, provided the receiving scheme is recognised by His Majesty's Revenue and Customs (United Kingdom) (HMRC) as a ROPS, or in such manner that satisfies any requirements imposed by HMRC on such transfers from time to time.

We can wind up any fund at any time by giving notice to the Supervisor. On the wind up, members will be given the opportunity of switching to an alternative fund. Any member who does not advise us that they have chosen an alternative fund, may be switched to a particular fund (a Default Fund) specified by us (and as agreed with the Supervisor).

For further information on the winding-up of the Scheme or a fund, please refer to the Trust Deed.

## 2.8 Risks

All investments involve some form of risk.

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

- Asset class risk;
- Market risk;
- Manager risk;
- Currency risk;
- Interest rate risk;
- Credit risk;
- Liquidity risk;
- Settlement risk.

Other risks which may affect a member's savings, including risks specific to the Sterling Funds and risks associated with transfers from UK Pension Funds are also noted in the PDS.

Although there are a number of global and domestic factors that may affect a member'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 superannuation schemes and 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 fund in which a member 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. Members 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.

### ***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***

This is the risk that net investment returns do not exceed the rate of inflation thus reducing the real value of the investment over time.

### ***Tax rate risk***

There is a tax risk of us either over or underpaying tax within the Scheme on behalf of a member as a result of the member 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 a member will be obliged to pay additional tax (and potentially penalties or interest) to Inland Revenue. If a member'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 member's behalf may reduce their income tax liability for that income year, and that member 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 as a widely held superannuation scheme at 28% on all taxable income. We have implemented processes to monitor on-going PIE eligibility compliance for the Scheme.

### ***Loss of ROPS status***

If the Scheme loses its ROPS status, this will prevent the Scheme from accepting any further money transferred from, or that has previously been invested in, UK Pension Funds. In addition, depending on the reasons that the Scheme's ROPS status was lost (for example a future and adverse change to the UK tax rules governing ROPS) this may result in a member becoming liable for UK tax charges if they previously transferred money from a UK Pension Fund.

### ***UK tax risk***

The risk that, if a member has transferred money from a UK Pension Fund to the Scheme, a transfer or withdrawal of this money from the Scheme may result in a UK tax penalty if they have not been a UK tax non-resident for five (or ten) clear and complete UK tax years (as applicable), and, if the transferred amount was received by the Scheme on or after 6 April 2017, it has not been invested in the Scheme or another ROPS for five years. This tax penalty may be up to 55% of the amount withdrawn or transferred.

There is also the risk that if a member has transferred money from a UK Pension Fund to the Scheme on or after 9 March 2017 and the transfer was exempt from the UK overseas transfer charge, they may be required to pay the charge in the future if their circumstances change during the first five clear and

complete UK tax years following the transfer (for example, they no longer meet the tax residency requirement). The amount of the charge may be up to 25% of a member's UK Pension transfer money.

The imposition of these tax charges depends on the application of the complex rules applying to UK Pension Funds.

### ***NZ tax risk***

There is a risk that, where a member transfers money from a UK Pension Fund to the Scheme, the member may be liable for tax in New Zealand. Under the Taxation (Annual Rates, Foreign Superannuation, and Remedial Matters) Act 2014, money transferred from a UK Pension Fund into an approved ROPS (such as the Scheme) may be liable for tax based on the number of years the member has been in New Zealand.

### ***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, any other applicable legislation, or ROPS requirements, could affect the operation of the Scheme or members' 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 members' interests in the Scheme.

There is a risk that the UK tax penalties and rules described in this document may change at any time as a result of relevant legislative and regulatory change made in the United Kingdom. We will inform you of any changes that may impact you.

## **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. The Sterling Cash Portfolio, Sterling International Shares Portfolio and Sterling Socially Responsible Balanced Portfolio are hedged against the Pound, instead of the New Zealand dollar. 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;
- **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.

## 2.9 Risk Indicators

Information on the risk indicator for each of the funds has been included in the PDS. 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, 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 specify that a market index return has been used for the initial months of the five-year period to give 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 that are currently based on an alternative methodology.

If you would like more information on the risk indicators for these Funds and of the methodologies used, please contact us on **0800 336 338**.

## 2.10 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 members that are not addressed here. We recommend that members seek professional tax advice regarding their individual circumstances, to clarify any of the following, prior to investing. Members 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 the Supervisor or the Manager accepts any responsibility for the taxation consequences of a member's investment in the Scheme.**

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

### ***Portfolio Investment Entity (PIE) Tax***

Under the PIE regime, taxable income earned by the Scheme will be attributed to all members in accordance with the proportion of their interest in the overall Scheme. The income attributed to each member will be taxed at the member'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 members and undertake any adjustments to members' interests in the Scheme in order to comply with the PIE tax requirements. This tax is likely to affect the returns members get.

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

In order to qualify for the 10.5% PIR, a member must be a New Zealand tax resident and, in either of the two income years<sup>1</sup> immediately before the tax year in question, the member's:

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<sup>1</sup> An income year generally runs from 1 April to 31 March.

- 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, a member must be a New Zealand tax resident and, in either of the two income years<sup>1</sup> immediately before the tax year in question:

- the member's taxable income was \$48,000 or less; and
- the member'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 member does not qualify for the 10.5% or 17.5% PIRs, the member's PIR will be 28%. A non-resident member's PIR will be 28%.

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

Members will also be able to advise us of their PIR at any time, including when it changes, by contacting us. If a member does not provide a PIR and where the Inland Revenue has not instructed us to apply a PIR, the income attributed to the member 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](http://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 a member's PIE income is taxed at a higher PIR while the member is eligible for a lower PIR, but has not advised us of this, then any additional tax paid on the member's behalf may reduce their income tax liability for that income year, and that member may receive a refund via the Inland Revenue. If a member has advised us that they are eligible for a lower PIR but this is incorrect and the member's correct PIR is at a higher rate, the member may be liable to Inland Revenue for further tax and penalties and have to file a tax return.

**It is intended that the Scheme pays members' PIE tax to Inland Revenue annually.**

#### **Inland Revenue is able to change a member's PIR**

The Inland Revenue may instruct the Manager to change a member's PIR rate if:

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

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

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

The Manager may cancel units and/or deduct cash in members' 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 an individual's holding at any time to ensure that this PIE status is maintained.

### ***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 members to determine whether any member 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 members in order to comply with these obligations. For more information on AEOI and CRS, please refer to the Inland Revenue website: <https://www.ird.govt.nz/international-tax/exchange-of-information/crs>.

### ***General Comments***

Tax law is complex and changes frequently. Members 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 information only and are not a comprehensive discussion of tax issues.

## **3. Transfers from UK Pension Funds**

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The Scheme is a Recognised Overseas Pensions Scheme (**ROPS**) which means the Scheme can accept money transferred from United Kingdom pension schemes (**UK Pension Funds**).

### ***Transfers from UK Pension Funds***

Where we accept a transfer of money from a UK Pension Fund, the transfer will be subject to the following terms and conditions:

- (a) A member may only make a withdrawal of money transferred from a UK Pension Fund in accordance with the restrictions set out below in the '*Withdrawal of money transferred from a UK Pension Fund*' section.
- (b) A member will only be able to transfer money from a UK Pension Fund to another ROPS scheme.
- (c) Such other terms and conditions as are agreed between the scheme manager of the UK Pension Fund from which the money is to be transferred and us and/or such other terms and conditions as we

may determine as being necessary or desirable or in the interests of the relevant member or the Scheme having regard to applicable laws and HMRC requirements.

Transferring money from a UK Pension Fund into the Scheme is an important decision. It is recommended that prospective and current members discuss proposed transfers with their United Kingdom and New Zealand tax advisers, the provider of their UK Pension Fund, and seek financial advice from a qualified financial adviser.

### ***Withdrawal of money transferred from a UK Pension Fund***

The following is a summary of the implications of withdrawing money transferred from a UK Pension Fund from the Scheme. This is based on our understanding of UK pension rules as at the date of this document. Future changes to those rules could subsequently and adversely affect the treatment of money transferred from a UK Pension Fund to the Scheme and payments from the Scheme.

Under the ROPS rules and the Trust Deed, money transferred by a member from a UK Pension Fund and accepted into the Scheme may only be withdrawn in accordance with the following:

- (a) once the member reaches the UK normal minimum pension age, which is currently age 55 (unless certain ill health conditions, serious ill health conditions, or if the withdrawal would be deemed to be an 'authorised member payment' from a UK Pension Fund (in terms of the UK Finance Act) are met). The UK normal minimum pension age is increasing to age 57 in 2028; or
- (b) subject to any other terms and conditions as agreed or as determined by us as being necessary or desirable or in the member's interests or the interests of the Scheme having regard to any agreement in place with the UK Pension Fund of which the transfer of money to the Scheme originated from and any applicable laws and HMRC requirements.

When making a lump sum withdrawal a member can either withdraw everything or keep their money invested in the Scheme and make lump sum partial withdrawals when they want to.

In accordance with the Financial Markets Conduct Regulations 2014, any money transferred from a UK Pension Fund will be excluded from any withdrawal payment made for reasons of End Payment Date, Early Retirement, Transition to Retirement, Significant Financial Hardship and Serious Illness.

### ***Tax on withdrawals of money transferred from a UK Pension Fund***

Any withdrawals or transfers a member makes from the Scheme may result in a UK tax penalty of which the member is solely liable for if the amount includes UK Pension transfer money transferred:

- **before 6 April 2017** and they have **not** been a UK tax non-resident for five clear and complete UK tax years (the UK tax year runs from 6 April to 5 April); or
- **on or after 6 April 2017** and they have **not** been a UK tax non-resident for ten clear and complete UK tax years and the transfer amount has not been invested in a ROPS for five years.

This may be significant – up to 55% of the withdrawal or transfer amount.

In addition, money transferred from a UK Pension Fund to a ROPS such as this Scheme on or after 9 March 2017 may be subject to an UK overseas transfer charge of 25%. A member of the Scheme will be exempt from this UK overseas transfer charge, so long as the member is a NZ tax resident when the transferred amount is received by the Scheme. The member may be required to pay the charge in the future if their circumstances change during the first five clear and complete UK tax years (the UK tax year runs from 6 April to 5 April) following the transfer (for example, they no longer meet the tax residency requirement) or an onward transfer is made and that transfer does not fall within any of the applicable exclusions (e.g. the member is not resident in the country in which the receiving scheme is established). We may be required to deduct the charge from the member's investment in the Scheme and pay it to HMRC on their behalf.



The UK overseas transfer charge also arises on transfers requested on or after 9 March 2017 if the member has not provided us with all the required prescribed information before the transfer is made.

The imposition of these tax charges depends on the application of the complex rules applying to UK Pension Funds. We therefore strongly recommend members should take professional tax advice before making a withdrawal or transfer.

As a condition of the Scheme's ROPS status, we must report to the HMRC about the withdrawals or transfers a member makes from the Scheme. These reports have to be made until the later of the date the member has been a UK non-tax resident for five (or ten) clear and complete UK tax years (as applicable) and ten years from the date their UK Pension Fund money was transferred to this or another ROPS. By transferring such money to the Scheme, members authorise this reporting to occur and agree to provide us with any further information it requires to make these reports. We may impose conditions on any UK Pension Fund money transferred to the Scheme. We do not guarantee that the Scheme will retain ROPS status at all times. Legislation governing ROPS may be amended at any time, which may affect the Scheme's ROPS status. If the ROPS status of the Scheme is lost, a member's UK tax implications may change in relation to transfers into the Scheme.

Neither we, the Supervisor nor any other person involved in providing the Scheme to you takes any responsibility for any tax charges or tax liability to the UK, New Zealand or any other tax authority that may arise as a result of you transferring your UK Pension Fund money to the Scheme, making subsequent withdrawals or transfers from the Scheme, or the Scheme losing its ROPS status.

#### ***Taxation of transfers from foreign superannuation schemes***

A member will be subject to tax, or required to make a student loan repayment, if they transfer their retirement or pension savings from a foreign superannuation scheme to the Scheme. If a member was not a tax resident in New Zealand when they first acquired their interest in the foreign superannuation scheme, they may be eligible for a 4-year tax exemption. If so, during this exemption period they will be exempt from tax on amounts transferred from the foreign superannuation scheme to the Scheme.

If the member is not eligible for the exemption period, their tax liability will depend on the length of time they have been a tax resident in New Zealand before transferring their interest in the foreign superannuation scheme. The methods for calculating the tax liability are complex and members should therefore seek independent advice as to the extent of their liability.

Before transferring any interests in foreign superannuation schemes, members should seek independent advice as to how the transfer will affect their tax or student loan repayment obligations, and whether they may be able to take advantage of the tax exemption period.

## **4. Socially Responsible Investment**

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### **Booster's Socially Responsible Investment Policy**

We offer explicit Socially Responsible Investment (SRI) Fund options to members, the Socially Responsible Balanced Portfolio, the Socially Responsible High Growth Portfolio and the Sterling Socially Responsible Balanced Portfolio which follows environmental, social and governance (ESG) principles, and also excludes all investments that are inconsistent with certain values-based criteria.

For information about our approach to responsible investing and further detail on excluded investments, please refer to our Approach to Responsible Investment Policy at [www.booster.co.nz/responsible-investing-policy](http://www.booster.co.nz/responsible-investing-policy).

## Responsible Investment Certification

We are 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 Funds are certified under RIAA's Responsible Investment Certification Program (**Program**):

- the Socially Responsible Balanced Portfolio;
- the Socially Responsible High Growth Portfolio;
- the Sterling Socially Responsible Balanced Portfolio

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](http://www.responsibleinvestment.org).

## 5. Guarantee

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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?

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### Manager

The manager of the Scheme is Booster Investment Management Limited and our address is Level 19, 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, including KiwiSaver schemes, superannuation schemes and workplace savings schemes. The conditions of our licence imposed by the Financial Markets Authority are published on [www.fsp-register.companiesoffice.govt.nz](http://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](http://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](http://www.booster.co.nz)

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

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

*BC CA (Chartered Accountants of Australia and New Zealand), Member 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 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 following 28 years as a partner of that and another firm. 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 was previously the Managing Director of Tranzact Financial Services Pty Limited, which was an ASX listed company.

Remuneration is made up of salary.

## Supervisor

The supervisor of the Scheme is Public Trust, and Public Trust is independent of us. Their address is Level 8, 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 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](http://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/](http://www.publictrust.co.nz/about-us/meet-public-trust-team/)

## Custodian

The custodian of the Scheme is PT (Booster Superannuation) Nominees Limited (**Custodian**), which has been nominated by the Supervisor to act on its behalf as its nominee. The Custodian is wholly- owned by Public Trust. 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 us, 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 and their 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

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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 our interests or interests of our 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 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. 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	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>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>
<p>Booster earns fees linked to certain fund management activities – for example a foreign exchange facilitation fee.</p>	<p>Booster could be influenced to make fund management decisions – for example to increase foreign exchange transactions in order to earn more fees.</p>	<p>Appropriate governance structures are in place which include monitoring of fund management activities.</p>
<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>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 which include monitoring of fund management activities.</p>
<p>Contractual arrangements are entered into between related parties.</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</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</p>

Description of conflict of interest	Why this may influence investment decisions in respect of one or more of the Scheme's funds	How we manage the conflict (see also 'how we manage conflicts of interest' - below)
See 8.1 Related Party Contracts for further information.	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.	consistent with the respective fund's objectives, and are on commercial terms (as required by the Trust Deed governing the operation of the Scheme).  Steps are taken to ensure segregation of duties where appropriate, and appropriate governance structures are in place.

### 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 BFSL from entering into arrangements with a related party in relation to the Scheme that involves related party benefits<sup>1</sup>, 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:

- 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; and
- 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

<sup>1</sup> Related Party Benefits as defined in section 172 of the Financial Markets Conduct Act 2013

Booster Financial Services Limited (BFSL) whereby BFSL provides services and support for the company including record keeping, 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.

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.

Some of the underlying Booster Investment Scheme wholesale funds which the Scheme's funds may invest into, may have secured loan arrangements in place with related parties. These wholesale funds are also managed by Booster. The Portfolios under the Booster SuperScheme are not direct parties to the loan arrangements. Instead, they gain exposure to the loan arrangements via their investment in the underlying wholesale funds. Further information on the funds' exposure to the loan arrangements can be found in the quarterly Fund Updates and on the portfolio holding listings issued on the Disclose offer register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

Details of the related party loan arrangements are as follows:

- Public Trust which is the Supervisor of the Booster Investment Scheme Wholesale Socially Responsible NZ Fixed Interest Portfolio has provided the Supervisor a loan facility of up to \$6,000,000 from the Wholesale Socially Responsible NZ Fixed Interest Portfolio (one of the funds comprising the Booster Investment Scheme) for use by the Booster KiwiSaver Scheme Socially Responsible Geared Growth Fund.
- the Supervisor has granted a security interest in favour of Public Trust (as supervisor of the Booster Investment Scheme Wholesale Socially Responsible NZ 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 Booster Investment Scheme 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 for use by the Booster KiwiSaver Scheme Geared Growth Fund.
- Public Trust as the Supervisor of the Booster Investment Scheme Wholesale NZ Fixed Interest Portfolio, a wholesale portfolio managed by us, 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 Booster Investment Scheme Wholesale Corporate Bond Portfolio, a wholesale portfolio managed by us, 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.

The Booster KiwiSaver Scheme Geared Growth Fund, Booster KiwiSaver Scheme Socially Responsible Geared Growth Fund and Booster Investment Scheme are related parties to the Booster SuperScheme and are also managed by us.

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

## 8. Other material contracts

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Other contracts, not otherwise mentioned in this document, that may be material to your decision on investing in the Scheme, 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.

Further information on this contract, as well as those that are referred to elsewhere in this document, is available by contacting us on **0800 336 338**.

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





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### **We're here to help.**

To find out more about Booster SuperScheme, talk to your financial adviser, call us on **0800 336 338**, visit our website.

**[booster.co.nz](https://booster.co.nz)**

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Booster Investment Management Limited,  
PO Box 11872, Manners Street,  
Wellington 6142, New Zealand

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A disclosure statement is  
available from your financial adviser,  
on request and free of charge.