

# Booster SuperScheme

## Workplace Savings 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 Workplace Savings 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 Member Booklet and 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”, or “our”, 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 Accounts

Every participating member in the Workplace Savings section of the Scheme will have a member account, and an employer account where applicable, opened in their name.

#### Member Accounts

This account records:

- Contributions made by the member; and
- Transfers received from other New Zealand superannuation schemes or superannuation schemes outside of New Zealand; and
- Any other credits due to the member; and
- If there is no employer account, any contributions made by an employer on behalf of 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 2.4 – ‘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).

## Employer Accounts

The employer account is for any contributions made by the employer on the member's behalf. This account records:

- Contributions made by the participating employer on behalf of the member, including unvested and vested contributions; and
- Any amount transferred from any superannuation scheme in respect of the Member which is appropriate to be credited to the Employer Account;
- Any other credits due to the member with respect to employer contributions

Deductions will be made from each 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 2.4 – ‘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 accounts by changes in unit prices (see below).

## Reserve Accounts

We may establish Reserve Accounts for a participating employer. When an employee leaves employment before their full employer account balance has vested, any unallocated funds will be transferred to the reserve account. Reserve accounts will be emptied on an annual basis according to the Participation Agreement.

## Accounts 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 will depend on the number of units the member holds and the unit price of any fund(s) the member holds units in.

## 2.2 Calculation of fund value and unit price

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 fees, 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 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.

## 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 us 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.

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).

Each 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.

<b>Asset type or Single Sector Fund</b>	<b>Performance benchmark</b>	<b>Where to find more information</b>
International Equities	MSCI World Total Return Index (ex-Australia) <sup>12</sup> MSCI World Total Return Index (Ex-Australia) hedged into New Zealand dollars <sup>12</sup> MSCI Emerging Markets Total Return Index <sup>1</sup>	<a href="http://www.msci.com/indexes">www.msci.com/indexes</a>
Australian Equities	S&P/ASX 200 Total Return Index <sup>1</sup> S&P/ASX 200 Total Return Index hedged into New Zealand dollars <sup>1</sup> S&P/ASX 200 Industrials Accumulation Index <sup>2</sup>	<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 <sup>12</sup>	<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 <sup>12</sup> FTSE EPRA / NAREIT Developed ex Australia Rental Index hedged into New Zealand dollars <sup>12</sup>	<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) <sup>12</sup>	<a href="http://www.bloombergindices.com/bloomberg-barclays-indices/">http://www.bloombergindices.com/bloomberg-barclays-indices/</a>
New Zealand Fixed Interest	Bloomberg NZBond Composite Index <sup>12</sup> Bloomberg NZBond Credit Index <sup>12</sup>	<a href="https://data.bloomberglp.com/professional/sites/10/AusBond-and-NZBond-Index-Methodology.pdf">https://data.bloomberglp.com/professional/sites/10/AusBond-and-NZBond-Index-Methodology.pdf</a>
Cash & Cash Equivalents	Bloomberg NZBond Bank Bill Index <sup>123</sup>	<a href="https://data.bloomberglp.com/professional/sites/10/AusBond-and-NZBond-Index-Methodology.pdf">https://data.bloomberglp.com/professional/sites/10/AusBond-and-NZBond-Index-Methodology.pdf</a>

The footnotes indicate which funds use which of the above benchmarks provided the fund has a non-zero benchmark % for the asset class as outlined in Section 6:

<sup>1</sup> SuperScheme Conservative, Balanced, Growth, Shielded Growth, High Growth/Workplace Savings  
Conservative, Balanced, Growth, High Growth

<sup>2</sup> SuperScheme and Workplace Savings Socially Responsible portfolios

<sup>3</sup> SuperScheme Cash Portfolio. As the Cash Portfolio is a single sector portfolio, a single benchmark index is used

## 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 us or the Supervisor may recover from the Scheme.

### 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 (see section 2.2 – ‘Calculation of fund value and unit price’ 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 percentage for each fund is set out below.

Fund	Fee
<b>Multi-sector Funds</b>	
Conservative Portfolio	1.06% p.a.
Balanced Portfolio	1.17% p.a.
Growth Portfolio	1.22% p.a.
High Growth Portfolio	1.28% p.a.
<b>Socially Responsible Funds</b>	
Socially Responsible Conservative Portfolio	1.06% p.a.
Socially Responsible Balanced Portfolio	1.17% p.a.
Socially Responsible Growth Portfolio	1.22% p.a.
Socially Responsible High Growth Portfolio	1.28% p.a.

This fee comprises fees payable to us for providing investment management, including the cost of implementing our Responsible Investing Policy, 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.

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.

### **Performance fees**

Performance fees may be charged indirectly to funds which invest in the Booster Tahi LP and the Booster Innovation Fund. The Conservative, Balanced, Growth and High Growth Portfolios may invest in Booster Tahi LP. The Booster Tahi LP invests in direct, private unlisted businesses, and is a limited partnership with Booster Tahi GP Limited as general partner, and Booster Funds Management Limited as manager (both of which are related parties to Booster). All funds may invest in the Booster Innovation Fund. The Booster Innovation Fund is a managed investment scheme which invests in early-stage companies founded on intellectual property developed in New Zealand. We are the manager of the Booster Innovation Fund. Booster Tahi 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 Tahi LP and the Booster Innovation Fund will bear a proportionate share of the amount 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 0.50% p.a. of the value of their investment in the Scheme. This fee is agreed between the financial adviser and the Participating Employer. If a service fee applies it is deducted on a monthly basis and when a member's account is closed. This will be deducted from the member's account which contains employer contributions. This fee will be negotiated between the Participating Employer and the financial adviser and will be outlined in the Member Booklet.

### **Individual action fees**

#### **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 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 Plan, fund and the Scheme

### **Winding up 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 can only be transferred to another registered superannuation scheme.

### **Winding up a Fund**

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).

## Winding up a Plan

A Plan can be terminated in accordance with the Trust Deed and Participation Agreement, by the participating employer or Booster.

If the employer stops participating in the Scheme then the member can choose to transfer to the Superannuation Section. The employer will no longer be required to contribute to their account. The member can continue to make voluntary contributions. For further information 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 PDS for the Scheme, and these are:

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

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, we 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.

***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, 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.

## Managing Investment Management Risks

We have systems in place 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 our 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. We also actively change the average maturity of the fixed interest securities depending on our 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. We also appoint external fund managers to manage some of the share asset classes where we believe 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. We also apply 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.

Five years of returns data is not currently available for the funds in the Workplace Savings Section of the Scheme. There will be a note in the PDS or on the fund update for the funds which tells 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 will use 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.

## 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 accept 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%.

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%. To determine your PIR and for further information regarding PIRs go to [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.

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 us 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.

We 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.

#### ***Employer Contributions to the Scheme – Employer Superannuation Contribution Tax (ESCT)***

Contributions by members to the Scheme are deducted from their tax-paid salary or wages (although the level of contribution is calculated on gross (pre-tax) salary or wages).

Generally, employer contributions to Superannuation schemes are subject to ESCT except where a member has elected to have the employer contributions taxed as salary or wages and subject to PAYE.

ESCT is levied at rates similar to members' marginal tax rates and is payable by the employer.

#### ***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**). The Workplace Savings section of the Scheme does not currently accept UK Pension Fund transfers.

## 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. These funds are the Socially Responsible Conservative Portfolio, Socially Responsible Balanced Portfolio, the Socially Responsible Growth Portfolio and the Socially Responsible High Growth Portfolio, which follow environmental, social and governance (**ESG**) principles, and additionally exclude 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 document 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 Conservative Portfolio;
- the Socially Responsible Balanced Portfolio;
- the Socially Responsible Growth Portfolio;
- the Socially Responsible High Growth 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. Accidental Death Cover

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The Scheme offers an accidental death cover for eligible members. To qualify, a member must:

- be under the age of eligibility for New Zealand Superannuation (currently 65)
- have joined the Scheme through the Workplace Savings section with a Participating Employer; and
- be a Contributing Member

If a member meets these criteria, they are an 'Insured Member'

### How it works

If an Insured Member's death is solely as the result of *Accidental Death* while covered by this policy, and the death was not caused by a *Single Catastrophic Event*, the Supervisor will pay \$10,000 plus any *Additional Cover* to the Insured Member's estate.

### Single Catastrophic Event

If a *Single Catastrophic Event* occurs, the total of all resulting benefits payable under all Booster Assurance Limited (BAL) *Accidental Death Policies* (including policies not associated with the Scheme) is limited to \$800,000 (**Single Event Limit**). The Scheme's pro-rata share of the Single Event Limit will be paid to the Supervisor to be allocated on a pro-rata basis amongst the estates of all insured members who were the subject of a claim due to the Single Catastrophic Event. If any subsequent Single Catastrophic Event occurs in the same financial year (from 1 July in one year to 30 June in the following year), the Single Event Limit is reduced by the claims paid from any prior *Single Catastrophic Event*.

## A few more details

We must receive notice of the member's death within 12 months of their date of death.

We may close any claim that is outstanding for more than two years after the closure of an insured member's account.

The Accidental Death Cover is offered through an insurance policy provided by Booster Assurance Limited, a related party of us. We pay the premium for this Policy.

An Accidental Death Cover payment following the payment of the claim by Booster Assurance Limited. Payment may be delayed should the death be result of a *Single Catastrophic Event*.

We reserve the right to withdraw this offer at our discretion after giving notice to members.

If an Insured Member has other Accidental Death cover from BAL, the additional cover is limited so the combined cover is limited to \$112,000.

### What we mean when we talk about:

#### Accidental Death

Death caused solely and directly by violent, accidental, external, and visible means within 12 months of the accident. Without limitation, it excludes death caused by or resulting from: intentional self-injury or suicide (whether or not the insured member had mental capacity); from any illegal or criminal act committed by the Insured Member; any illness, disease or degenerative process; or any medical procedure or medical misadventure.

#### Additional Cover

Participating Employers or Insured Members have an option to increase their cover by an additional \$40,000. The increased cover is charged at \$1 per year for an extra \$1,000 of cover and is a non-refundable payment.

#### BAL Accidental Death Policies

All Booster Assurance Limited (BAL) accidental death policies in force and includes the Booster KiwiSaver Scheme Accidental Death Policy, and the Booster SuperScheme Accidental Death Policy.

#### Contributing Member

A member who, up until the time of their death, has had contributions paid to their Booster SuperScheme account by their Participating Employer; or, if the Member is no longer employed by a Participating Employer, has had at least one contribution per month paid to their Booster SuperScheme account for the six months prior to their death.

#### Policy

The Accidental Death Cover insurance policy provided by Booster Assurance Limited.

#### Single Catastrophic Event

Any event or series of related events, as determined by Booster Assurance Limited, that causes the Accidental Death of 10 or more BAL insured members.

## 7. 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 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 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 us), 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.

## 8. Conflicts of interest

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Conflicts of interests are circumstances where some or all of the interests of investors for whom we 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).
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>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 Tahi 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	How we manage the conflict (see also 'how we manage conflicts of interest' - below).
Booster earns fees linked to certain fund management activities – for example a foreign exchange facilitation fee.	Booster could be influenced to make fund management decisions – for example to increase foreign exchange transactions in order to earn more fees.	Appropriate governance structures are in place which include monitoring of fund management activities.
<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>	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>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>See 8.1 Related Party Contracts for further information.</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>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.

### 8.1 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. Agreements relating to the Scheme generally

The following contractual arrangements for the provision of services by related parties 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.
- Booster Assurance Limited, which is a related company of ours, has entered into a Group Accidental Death Benefit Policy with the Supervisor, providing accidental death benefits to eligible members. BAL receive an insurance premium for this policy from the Manager.

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

- While not a direct cost of the Scheme, the Manager has entered into a services agreement with Booster Financial Services Limited (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.

#### Related party loan arrangements

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 and Booster Wholesale Scheme funds which the Scheme's funds may invest into, may have secured loan arrangements in place with related parties. These funds are also managed by us. The funds 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 fund's exposure to the loan arrangements can be found in the quarterly fund updates and on the fund 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 as the supervisor of the Booster Wholesale Scheme Wholesale Socially Responsible NZ Fixed Interest Portfolio has provided the supervisor of the Booster KiwiSaver Scheme 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 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 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 Wholesale 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 Wholesale 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, Booster Investment Scheme and Booster Wholesale Scheme are also managed by us, meaning we are a related party to each scheme.

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.

## 9. 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 us 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 us 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 8.1 – '*Related party transactions – contractual arrangements*' for other contracts between related parties.

## 10. Other important information

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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/](https://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](http://www.booster.co.nz/booster-press-release).



[super@booster.co.nz](mailto:super@booster.co.nz)

**0800 336 338**

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**booster.co.nz**