booster

Booster KiwiSaver Scheme

Other Material Information

30 March 2022

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1. Introduction

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

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

- Default Saver Fund
- Multi-sector Funds and Cash Fund
- Socially Responsible Investment Funds
- Asset Class Funds

Additional information regarding the operation of the Scheme can be found in the Scheme's trust deed which can be viewed on the Scheme's website at www.booster.co.nz.

Where the term "we", "us", "our", or "ourselves" is used, we mean Booster Investment Management Limited, the manager of the Scheme. Where the term "Supervisor" is used, we mean Public Trust, the supervisor of the Scheme.

It is not possible to include full information on all aspects of the Scheme in any PDS and/or this document and you may have further questions about the suitability of the Scheme as an investment for you. If you do have any questions, we would be pleased to hear from you. You can contact us on **0800 336 338**. You can also discuss your personal situation with your financial adviser.

2. Information about the Booster KiwiSaver Scheme

2.1 Member accounts

Each member in the Scheme will have an account opened in their name to record:

- Contributions made by the member through PAYE;
- Contributions made by an employer or sponsor on behalf of the member;
- Contributions made by the Crown (includes any government contributions) and/or 'kick-start' contributions (made in respect of those first joining a KiwiSaver scheme before these were discontinued on 21 May 2015 under the 2015 budget);
- Regular and/or one-off voluntary contributions made by the member;

- Transfers received from other New Zealand superannuation schemes or superannuation schemes outside of New Zealand;
- 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 the Fees and Expenses section for details) and for any other debits relevant to the member.

Investment returns (whether gains or losses) will be reflected 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 represents 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 depends 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 taking 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;

and deducting 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 value (unit price) for any fund in the Scheme 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 in the unit price of 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 us to apply these transaction costs. When a dilution adjustment is applied to a fund, investors who invest or withdraw from a fund on a particular day will incur the estimated associated transaction costs on that day. The aim of applying a dilution adjustment to a fund is to ensure the remaining investors in that fund, who are not investing orwithdrawing, 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 Employer Contributions

You can choose to invest 3%, 4%, 6%, 8% or 10% of your salary or wages. If you're in employment you may also get an employer contribution as this is a KiwiSaver scheme.

Your employer will deduct your contributions from your pay and send it to Inland Revenue who pays the contributions (and any interest) to the Scheme.

If you're contributing at least 3%, you will be entitled to an employer contribution of 3% of your gross (before tax) salary or wages, unless:

- you're under age 18; or
- you have reached the age of eligibility for New Zealand superannuation (currently 65) unless the 5-year lock-in period applies and are eligible to make a retirement withdrawal; or
- your employer is contributing to another eligible registered superannuation scheme for you; or
- you have made a life-shortening congenital condition withdrawal.

Employer's superannuation contribution tax (ESCT) will be deducted from any employer contributions before being paid to your account.

You can also make voluntary contributions at any time.

If you're self-employed and you pay yourself through the PAYE system, you're considered to be both an employee and employer. This means you must contribute at least 3% of your gross (before tax) income and make employer contributions of 3%.

2.4 Government Contributions

To assist eligible members with their savings, the Government will contribute a government contributionof $0.50 to the member's account for every dollar the member contributes to the Scheme, up to a maximum credit of $521.43 in a year. The year, for this purpose, runs from 1 July to 30 June.

A member is eligible to receive a government contribution if:

- the member is aged 18 or older; and
- the member is under the age of eligibility for New Zealand Superannuation (currently 65 years)(unless the 5-year lock-in period applies) and not eligible for a retirement withdrawal; and
- member has not made a life-shortening congenital conditions withdrawal; and
- their principal place of residence is New Zealand (there are exceptions for a government employee who is serving outside of New Zealand, or a person who is working overseas as a volunteer or for a token payment for a specified charitable organisation).

Where the member is not a KiwiSaver member for the full year to 30 June (or is otherwise eligible for a government contribution for only part of a year) the maximum contribution received for the year is a pro-rata amount, depending on the number of days of eligible membership during the year. For example, if membership and contributions commenced on 1 May 2020, membership for the year to 30 June 2020 is a total of 61 days. The maximum government contribution for the year will be 61/365 x $521.43 = $87.14.

Before withdrawing government contributions, the member, or the member's personal representatives, must provide a statutory declaration stating those periods for which the member had their principal placeof residence in New Zealand.

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

Benchmark indices used in relation to the assets of the Scheme are widely recognised in financial markets and are administered independently from us. The indices that are currently used for each of the asset classes are included in the Scheme's Statement of Investment Policies and Objectives (**SIPO**). Thiscan be found on the Scheme's website at **www.booster.co.nz.**

2.6 Fees and expenses

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

There is no limit on the amount of the fees that can be charged. We must, however, meet any requirements under the KiwiSaver Act 2006 (**KiwiSaver Act**), which includes that the Financial Markets Authority must be satisfied that any fee charged is reasonable, and, in respect of the default fund, we must also comply with the conditions of the Instrument of Appointment. Under the Instrument of Appointment, we must ensure that any fees, costs, or other similar amounts indirectly charged to persons who become default members of the Scheme, and who do not choose an investment option, are charged in accordance with good industry practice.

Manager

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

- **Annual fund charges**

  Annual management fee

  This fee varies between funds and is a percentage of the net asset value of the fund concerned (see "Calculation of fund value and unit value" to see how net asset value is determined). This fee is calculated daily and deducted monthly from the relevant fund. As a result, the unit price for the fund and 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
Enhanced Cash Fund	0.75% p.a.
Capital Guaranteed Fund	0.90% p.a.
Conservative Fund[1]	0.38% p.a.
Moderate Fund	1.07% p.a.
Socially Responsible Moderate Fund	1.07% p.a.
Asset Class Conservative Fund	1.11% p.a.
Default Saver Fund	0.35% p.a.
Balanced Fund	1.17% p.a.
Socially Responsible Balanced Fund	1.17% p.a.
Asset Class Balanced Fund	1.18% p.a.
Growth Fund	1.22% p.a.
Socially Responsible Growth Fund	1.17% p.a.
Asset Class Growth Fund	1.24% p.a.
Shielded Growth Fund	1.27% p.a.
Socially Responsible High Growth Fund	1.17% p.a.
High Growth Fund	1.27% p.a.
Geared Growth Fund	1.27% p.a.
Socially Responsible Geared Growth Fund	1.17% p.a.

[1] From 1 December 2021 the Conservative Fund is closed to new investors.

This fee comprises fees payable to us for providing investment management and administration services (including any fees payable to an underlying fund), for the implementation of our Responsible Investment Policy, where applicable and the fee payable to the Supervisor forproviding supervisory services, and reimburses our and the Supervisor's regular costs, expenses and liabilities incurred in running the Scheme.

If a member has more than $200,000 invested in the Scheme, excluding the Default Saver Fund and the Conservative Fund (excluded funds), they'll receive a rebate of some of the annual fund charge on their investments in the Scheme above this amount. This rebate will be calculated daily as a percentage of the total value of their relevant investments in the Scheme and applied at the end of each month to buy additional units in the relevant fund(s). The rebates that apply to all funds in the Scheme except for the Asset Class Conservative Fund, the Asset Class Balanced Fund, the Asset Class Growth Fund (**Asset Class Funds**) and the excluded funds are:

- On investments over $200,000 and up to $500,000 0.30%
- On investments over $500,000 and up to $1,000,000 0.50%
- On investments over $1,000,000 and up to $2,000,000 0.60%
- On investments over $2,000,000 0.82%*

*Rebates will not take the fee below 0% on that portion of investment – a rebate of 0.75% will apply to the investments over $2,000,000 in the Enhanced Cash Fund

The rebates that apply to the Asset Class Funds are:

- On investments over $200,000 and up to $500,000 0.14%
- On investments over $500,000 and up to $1,000,000 0.24%
- On investments over $1,000,000 and up to $2,000,000 0.32%
- On investments over $2,000,000 0.39%

Please note if a member holds any portion of their investment in one or more of the Asset Class Funds, the Asset Class Fund rebate structure will be applied to their entire balance in the Scheme.

If you hold any portion of your investment in the excluded funds, no fee rebates will be applied to anyof your balance.

Examples of how fee rebates apply to an investor

Scenario 1: 100% Invested in the Balanced Fund

Adam has $600,000 invested in the Balanced Fund. They are not charged an establishment fee or a contribution fee.

They are charged management and administration fees, which, after the rebate of **$1,400**, works out to be about **$6,040.**

Balanced Fund:	**1.24%** of **$200,000**
	0.94% of **$300,000**
	0.74% of **$100,000**

The fee charged after the rebate works out to be about **1.01%** of Adam's balance. These fees might be more or less if their account balance increases or decreases over the year.

Scenario 2: 50% invested in the Balanced Fund, 50% invested in the Asset Class Balanced Fund

Emily has $300,000 invested in the Asset Class Balanced Fund and $300,000 invested in the Balanced Fund.

They are charged management and administration fees, which, after the rebate of **$660**,works out to be **$6,660.**

Asset Class Balanced Fund:	**1.19%** of **$100,000**
	1.05% of **$150,000**
	0.95% of **$50,000**
Balanced Fund:	**1.24%** of **$100,000**
	1.10% of **$150,000**
	1.00% of **$50,000**

The fee charged after the rebate works out to be about **1.11%** of Emily's balance. These fees might be more or less if their account balance increases or decreases over the year.

Scenario 3: 90% invested in the Balanced Fund, 10% invested in the Default Saver Fund

Mia has $540,000 invested in the Balanced Fund and $60,000 invested in the Default Saver Fund.They are charged management and administration fees, which, after the rebate of **$0**, works out to be **$6,906**.

Balanced Fund:	**1.24%** of **$540,000**
Default Saver Fund:	**0.35%** of **$60,000**

The fee charged works out to be about **1.15%** of Mia's balance. These fees might be moreor less if their account balance increases or decreases over the year.

These examples apply only to these exact scenarios. If you are considering investing in other funds in the Scheme, these examples may not be representative of the actual fees you may be charged.

There may be other fees and charges incurred by a member for investing in the Scheme.

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 or underlying 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 isidentified in the PDS relating to that fund, and an estimate for this fee is included. This fee does not apply to the Conservative Fund, Default Saver Fund, Enhanced Cash Fund, and Asset Class Funds.

Gearing fee (applies to the Geared Growth Fund and Socially Responsible Geared Growth Fund)

A borrowing fee of 1.1% p.a. of the amount borrowed by the Geared Growth Fund and Socially Responsible Geared Growth Fund (**Geared Funds**) applies, in addition to the annual management fee (which is charged across the entire fund). Any interest and borrowing expenses incurred by us or the Supervisor in relation to the borrowed component are also reimbursed. This fee, and any associated expenses, are deducted from the Geared Funds and, as a result, reduce the fund value and members' returns.

The level of borrowing may vary between 0% and 50% of the relevant Fund's asset value (with a typical ratio of approximately 35%). Interest on borrowing is assessed at market rates and may be payable for the benefit of other funds administered by us that lend the borrowed amount.

The amount of any gearing fee, interest and borrowing expenses payable in any year cannot be determined in advance. The total annual fund charges shown in the PDS will not include an estimate for these items but are separately disclosed in the PDS. The basis for the estimate is stated in the PDS.

Performance fees

Performance fees apply to funds which invest in the Booster Tahi LP (**Tahi**) and/or the Booster Innovation Fund (**BIF**). The Socially Responsible funds (all funds outlined in the Socially Responsible Funds PDS) currently do not invest in Tahi. The Conservative Fund, Enhanced Cash Fund, Capital Guaranteed Fund and Default Saver Fund currently do not invest in either Tahi or BIF.

Performance fees may be charged indirectly to the funds which invest in Tahi and BIF. Tahi is a limited partnership with Booster Tahi GP Limited as general partner, and Booster Funds Management Limited (**BFML**) as manager (both of which are related parties of us). BIF 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 also the manager of BIF.

Tahi pays performance fees to BFML. If performance fees are charged, each fund investing in Tahi will bear a proportionate share of any performance fee charged, which will be reflected in the unit price of these funds.

BIF pays performance fees to us. If performance fees are charged, each fund investing in BIF 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 relevant PDS available at **www.booster.co.nz**.

- **Other charges**

  Member fee

  The standard member fee is $3.00 per month. A single member fee is charged, irrespective of the number of different funds the member holds units in. The fee will not be charged unless the balance of the members account is greater than $500.

  If a member has only ever been invested in the default fund, they will not be charged a member fee.

  The member fee is deducted from the member's account each month.

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

Individual action fees

Account closure fee

An account closure fee of $30 is payable and is deducted from the member's account when the full balance of a member's account is paid, and the account is closed.

No account closure fee is charged if a member has only ever been invested in the default fund.

Switching fee

There is currently no fee for switching or changing funds, but we reserve the right to charge such a fee in the future by deducting a fee from the member's account.

We are entitled to charge, in addition to the above, any goods and services tax (**GST**) or similar tax or duty payable in respect of such fees.

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

In addition, we reserve the right to make fee rebates to members where considered appropriate. Any rebates will be credited to the relevant member's Scheme 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 annual management fee (referred to above).

Changes to fees

We can reduce our fees at any time.

Fees can be increased, or new fees can be introduced, where allowed by relevant legislation, the trust deed, or, in respect of the Default Saver Fund, by the Instrument of Appointment. The Financial Markets Authority must agree that any fee is reasonable.

The Supervisor will be consulted prior to any fee increase and one month's notice in writing must be given to members in the relevant fund of any increase in the management fee.

Reimbursement of expenses

As referred to above, the annual management fee covers the investment management, administration and supervisor's fees, and the costs, expenses and liabilities incurred by us, as manager, and/or the Supervisor that are related to the regular and ongoing running of the Scheme.

In addition, except in relation to the default fund, we and/or the Supervisor are entitled to be reimbursedout 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 annual management fee. The Supervisor, however, is entitled to be reimbursed by us for any such expenses related to default fund.

2.7 Suspension

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

2.8 Amendment of the trust deed

We and the Supervisor may amend the trust deed. However, no amendment may vary the main purpose of the trust deed or a participation agreement, namely to provide retirement benefits directly or indirectlyto members, or contravene any provisions of the KiwiSaver Act, the Instrument of Appointment and/or any other relevant legislation.

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

2.9 Winding up a fund and the Scheme

The Scheme can be wound up in accordance with the trust deed. For further information, please refer to the trust deed.

We can wind up any fund, other than the default fund, at any time by giving notice to the Supervisor. Onthe 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 specified by us (and as agreed with the Supervisor).

2.10 Risks

All investments involve some form of risk.

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

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

Other risks which may affect a member's savings, including risks specific to the Capital Guaranteed Fund and the Geared Funds are also noted in the relevant PDS and explained below.

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 generally). While the following is not meant tobe a complete list of risks that may impact on an investment in the Scheme, it does cover those more likely to arise.

Investment risk generally

Investment risk is the risk of negative movements in the value of the Scheme's investments (either generally or in respect of a fund in which 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 ahigh 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, pricing differences, transaction costs, the fund's holding of cash, differences in timing of the accrual of dividends, changes to the benchmark index, or the need to meet various new or existing regulatory requirements.

Concentration risk

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

Tax rate risk

This is the 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 and/or interest) to Inland Revenue. If a member's portfolioinvestment 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.

UK tax risk

The risk that, where the member has previously transferred UK Pension plan funds to their Scheme account, a withdrawal of that UK Pension plan money from the Scheme as part of a permitted withdrawal under the KiwiSaver Act will give rise to a member's liability for UK tax charges on that withdrawal.

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, KiwiSaver legislation or any other applicable legislation which could affect the operation of the Scheme or members' interests in the Scheme. It also includes the risk 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.

Other specific risks

The following provides additional information to the specific risks of the funds that have been referred toin the PDSs.

Capital Guaranteed Fund risk

The following risks apply to the Capital Guaranteed Fund:

- the risk that our resources will not be sufficient to fulfil the guarantee obligation we provided inrespect of the Capital Guaranteed Fund at any time;

- the risk that a member will exit the Capital Guaranteed Fund before 31 March and will therefore not obtain the benefit of the guarantee in that transfer; and
- the risk that we do not otherwise perform our obligations under the guarantee or are delayed in doing so.

We manage the risks involved in the Capital Guaranteed Fund by employing a relatively conservative investment strategy. This strategy has been designed to control the extent to which adverse market movements might give rise to us being required to transfer assets into the Capital Guarantee Fund to ensure the guaranteed price as at 31 March relative to the price per unit 12 months before. We will also alter the strategy during any year depending upon the extent to which markets move the underlying unitprice up or down during the year.

We are unable to control the risk that an individual member switches investments out of the Capital Guaranteed Fund or withdraws their benefits during the year at a price which may be lower than the guarantee price, but the conservative strategy does somewhat limit the extent to which this may be significant.

Geared Fund risk

The Geared Funds are designed to enable long-term savers to gain the benefits of a leveraged (or geared) exposure to a portfolio of growth assets (e.g. shares).

One way the Geared Funds provide investors with the potential for increased capital gains over the long-term, by increasing their exposure to equities. As long as the net gains from their investments over the long-term outweigh the costs of the gearing, it will magnify those gains. Gearing is considered to be an effective long-term strategy because research has shown that over the long-term, growth-oriented investments can deliver the higher potential returns required..

Another way to access this leverage is to use derivative instruments such as by buying call options over broad share market indices. The owner of a call option has the right (but not the obligation) to buy a specified amount of the underlying share investments at a later date, at an agreed upon price. The initial cost of the call option relative to the notional value of the investments underlying the contract is typically quite small. This is what creates the leverage, by providing exposure to the potential changes in value of a larger amount of underlying investments. A relatively small market movement, either up or down, will therefore have a proportionately larger impact on the value of the call option.

The risks associated with gearing make it unsuitable for some investors. In particular, the following risks apply to the Geared Funds:

- if the income from investments does not change, but interest rates on borrowed funds increase, thenthe fund will incur additional costs that will need to be covered. This may affect the benefits of gearing and we will take this into account when setting the gearing ratio. As a guide, we will aim to limit the amount of borrowing such that total net borrowing costs do not exceed total net income earnings;

- a gearing strategy must invest a high proportion of an investment portfolio into growth assets such asproperty and shares to prove successful. These investments will be volatile over short-term periods and this volatility is magnified through gearing; and
- although there are long-term wealth accumulation benefits to be gained from gearing, these benefitsare achieved at the expense of higher variability of returns from year to year. It is important to note that although gearing has the potential to increase capital growth in a rising market, it can also compound a capital loss in a falling market.

The following table provides an example where the fund borrowed to achieve gearing:

	Geared Growth Fund	**High Growth Fund**
Investor balance	$5,000	$5,000
Gearing ratio	50%	0%
Amount borrowed (for example)	$2,500	$0
Total investments held by the Fund	$7,500	$5,000
Market rises 10%	**Geared Growth Fund**	**High Growth Fund**
Value of investments held by the Fund	$8,250	$5,500
Loan outstanding	$2,500	$0
Investor's balance	$5,750*	$5,500
Gain in investor's balance	15%	10%
Market falls 10%	**Geared Growth Fund**	**High Growth Fund**
Value of investments held by the Fund	$6,750	$4,500
Loan outstanding	$2,500	$0
Investor's balance	$4,250*	$4,500
Loss in investor's balance	(15%)	(10%)

* Assumes borrowing costs are covered by income earned and returns are after tax and fees. The results in the table above are an illustration only and do not represent any indication of future performance.

Managing Investment Management Risks

We also have in place systems to manage investment management risks, where applicable. 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 toperform 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 may alsochange 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 classeswhere we believe this complements our in-house investment specialists. Diversification ensures that no single market or company has too great an impact on a portfolio should its share price fall significantly; and
- credit risk – the funds are diversified to spread the risk of issuers defaulting on their fixed interestobligations. We also apply minimum credit risk criteria when selecting appropriate fixed interest securities for the funds.

2.11 Risk Indicators

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

Some of the funds will not have been offered for a full period of five years, so five years of returns data will not be available. There will be a note in the PDS or on the fund update for some funds which specifythat a market index return has been used for the initial months of the five-year period so as 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 the most likely outcome. In these cases, we have used an alternative methodology to give 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.

2.12 Withdrawals

It's important to understand that the purpose of KiwiSaver is to help you save for your retirement. The circumstances where you're allowed to make a withdrawal are explained below. The rules around these withdrawals are strict and we encourage you to visit **www.booster.co.nz** for more information.

Reasons for Withdrawal	**About this Withdrawal**	**What can be withdrawn?**
Retirement	You can normally withdraw your savings when you reach New Zealand superannuation age (currently 65)[4]. You can either withdraweverything and close your account, or keep your savings invested (and invest more if you like) and make partial withdrawals when you want to. You'll need to withdraw at least $100 each time and if your total balance falls below $1,000, your account will be closed and paid to you.	-Your balance[3]
First home	You can apply to withdraw some of your savings to buy your first home (or land to build your first home on) if you intend to live mainlyin that home and it's located in New Zealand. You'll need to have been in KiwiSaver for at least three years and not made a first home withdrawal from a KiwiSaver scheme before. You must also leave at least $1,000 in your account. If you've owned a home before, you may still be eligible – see **www.kaingaora.govt.nz** for more information.	-Your contributions[5] -Employer contributions -Government contributions[3] -Investment earnings
Significant financial hardship	You may be able to withdraw some of your savings if you suffer fromsignificant financial hardship as defined in the KiwiSaver Act. The Supervisor will only allow you to withdraw enough money to ease the hardship. You'll need to show them that you have looked at other ways of finding the money you require. They will also need details of your assets (what you own), liabilities (what you owe), income (what you earn) and expenditure (what you spend).	-Your contributions -Employer contributions -Investment earnings
Serious illness	You may be able to withdraw your savings if you suffer from a serious illness, as defined in the KiwiSaver Act. You'll need to provide the Supervisor with medical evidence to help them determine whether you meet the criteria.	Your balance[3]
Life-shortening congenital conditions	You may be able to withdraw your savings if you suffer from a life-shortening congenital condition, as defined in the KiwiSaver Act. You'll need to provide the Supervisor with medical evidence to help them determine whether you meet the criteria.	Your balance[3,6]

Permanent emigration to a country other than Australia	If you permanently emigrate to a country other than Australia, you can apply to withdraw your savings (you'll need to wait at least 1 year after emigrating) or transfer your savings to an overseas superannuation scheme (you can do this at any time). You'll need to provide us with proof that you have permanently emigrated.	Your contributions[5] Employer contributions $1,000 kick-start (if any) Investment earnings
Permanent emigration to Australia	If you permanently emigrate to Australia, you can only transfer your savings to an Australian complying superannuation scheme. You'll need to provide us with proof that you have permanently emigrated.	-Your balance[3]
Death	In the event of your death, we'll pay the representatives of your estate your account balance, less any tax and fees. Your representatives will need to provide certain documentation before the money can be paid out.	-Your balance[3]
Paying tax on savings transferred from an overseas superannuation scheme	You may be able to withdraw some of your savings to pay any New Zealand tax or an additional student loan obligation due to the transfer of any savings from an overseas superannuation scheme (other than Australia) to your KiwiSaver account. You'll need to apply within 24 months of the date the assessment is made by Inland Revenue. You won't be able to withdraw more than you need and the money will be paid directly to Inland Revenue.	-Your contributions -Employer contributions
Savings transferred from Australia	If you've transferred savings from an Australian complying superannuation scheme, you can withdraw these savings when you reach age 60 and meet the definition of 'retirement' under Australian law.	-Savings transferred from an Australian complying superannuation scheme

[3]Before withdrawing government contributions, we require a statutory declaration stating the periods since joining KiwiSaver when New Zealand was your principal place of residence. You won't be eligible to receive any government contributions for any period you lived overseas.

[4]If you joined KiwiSaver before 1 July 2019 and are age 65 or over, you are able to elect to opt out of the 5-year lock in period and make a retirement withdrawal. If you choose to opt out of the 5-year lock in period, from the date of the withdrawal you will lose any future entitlement to employer and government contributions that you may havereceived had you not made a retirement withdrawal.

[5]Excludes any amount transferred from an Australian complying superannuation scheme.

[6]If you make a life-shortening congenital conditions withdrawal you will be treated as if you have reached the New Zealand superannuation qualification age and you will no longer be entitled to government contributions or compulsory employer contributions.

2.13 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 membersthat are not addressed here. We recommend that members seek professional tax advice regarding theirindividual circumstances, to clarify any of the following, prior to investing. Investors should also periodically monitor the tax implications of investing in the Scheme and should not assume that the position will remain the same as it is when they start investing.

Neither of us nor the Supervisor 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 an 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%.

To qualify for the 10.5% PIR, a member must be a New Zealand tax resident and, in either of the two income years[7] immediately before the tax year in question, the member's:

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

To qualify for the 17.5% PIR, a member must be a New Zealand tax resident and, in either of the two income years[3] 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.

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

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 (see further below), 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**.

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

Inland Revenue may instruct us to change a member's PIR rate if:

- they believe the member's notified PIR incorrect and they hold sufficient information about the member to determine the correct PIR; or
- the member has not notified us of their PIR.

When 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 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, within the legislative timeframe of two months, to pay any PIE tax due.

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.

Contributing 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 KiwiSaver 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.

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 background only and are not a comprehensive discussion of tax issues.

3. Socially Responsible Investment

Booster's Socially Responsible Investment Policy

Booster offers five explicit Socially Responsible Investment (**SRI**) Fund options to members, all of 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 please refer to our Approach to Responsible Investing Policy Statement available on our website **www.booster.co.nz**.

Responsible Investment Certification

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

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

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

The following funds are new in March 2022 and we will apply to have them certified under the Program as they are consistent with our other Socially Responsible funds:

- Socially Responsible Growth Fund
- Socially Responsible Geared Growth Fund

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

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

4. Capital Guaranteed Fund – Guarantee

With the exception of a limited guarantee provided by us in respect of the Capital Guaranteed Fund, as described below, none of us, the Supervisor, the Government or any other party guarantees the Scheme's performance, returns or repayment of capital.

Capital Guaranteed Fund

We provide, under a guarantee to the Supervisor on behalf of members who hold units in the Capital Guaranteed Fund that:

- the unit price of the Capital Guaranteed Fund on 31 March will not be less than the unit price of theCapital Guaranteed Fund on 31 March the year before;
- where the Capital Guaranteed Fund is terminated, the unit price of the Capital Guaranteed Fund on the date the Capital Guaranteed Fund is terminated will not be less than the unit price of the CapitalGuaranteed Fund on 31 March the year before, in each case calculated in accordance with the trust deed.

If a member invests in the Capital Guaranteed Fund on or after 1 April at a unit price greater than the unitprice of the Capital Guaranteed Fund on 31 March the year before, the additional amount of the increase in the unit price since 31 March is not protected by the guarantee.

The guarantee is not secured by a mortgage or other charge.

We are required to give effect to our obligations under the guarantee by transferring into the Scheme (for the Capital Guaranteed Fund) investment assets of a value sufficient to ensure the unit price of the Capital Guaranteed Fund meets the guaranteed value. The investment assets transferred must be authorised investments for the Capital Guaranteed Fund and will be valued in accordance with the valuation methodology set out in the trust deed.

If we are removed or replaced as manager of the Scheme, or if we close and/or wind up the Capital Guaranteed Fund, the guarantee will immediately terminate and, subject to the requirement that we transfer into the Scheme (for the Capital Guaranteed Fund) investment assets of a value sufficient to ensure the unit price of the Capital Guaranteed Fund meets the guaranteed value on the date the Capital Guaranteed Fund is terminated, we will no longer be liable under the guarantee from the date of termination.

The following limitations apply to the guarantee:

- the guarantee is in favour of the Supervisor and for the benefit of members holding units in the Capital Guaranteed Fund;
- the guarantee is not enforceable by members directly against us;
- members may suffer a loss of capital if they withdraw from the Capital Guaranteed Fund, switch toanother fund or transfer to another KiwiSaver scheme before 31 March and therefore before we transfer assets into the Scheme as required by the guarantee; and
- members may suffer a loss of capital if they withdraw from the Capital Guaranteed Fund or switch toanother fund or transfer to another KiwiSaver scheme after 31 March notwithstanding that we have transferred assets into the Scheme as required by the guarantee. This could be caused by a further deterioration in the value of the assets of the Capital Guaranteed Fund following 31 March.

We reserve the right to:

- temporarily close the Capital Guaranteed Fund to new members or to transfers from other funds atany time if we believe there is a significant risk that the unit price guarantee contribution will be required;
- change the asset mix of the Capital Guaranteed Fund in accordance with the trust deed and deed of establishment of the Capital Guaranteed Fund at any time for the purposes of safeguarding the assets of the Capital Guaranteed Fund; and/or
- with prior written notice to the Supervisor (as soon as practicable prior to doing so and including an explanation with its reasons for doing so), at any time or on such terms and conditions we think fit,

toclose and/or wind up the Capital Guaranteed Fund.

Withdrawal of benefits or switching to another Fund on 31 March in each year

Members entitled to receive benefits from the Scheme, or wishing to switch to another fund, may withdraw or switch from the Capital Guaranteed Fund on 31 March in each year by advising us on or before 10.00 am on 31 March that they wish to withdraw or switch on that date. By withdrawing or switching on 31 March, members ensure that the unit price they receive will be not less than the unit price on 31 March the year before. If a member withdraws or switches from the Capital Guaranteed Fundon a date other than 31 March in any year, the member cannot be sure that the unit price they receive will not be less than the unit price on 31 March the year before.

Transfers to another KiwiSaver scheme

As we are unable to control when we receive a request to transfer to another KiwiSaver scheme providerin respect of a member, such requests may not be received and processed on 31 March. In such circumstances, members cannot be sure that the unit price they receive will be not less than the unit price on 31 March the year before.

5. Geared Funds

The following information, in addition to that included in the PDS's for the funds, may assist investors considering an investment in these funds.

The Geared Funds will raise money by borrowing at competitive rates as part of its gearing strategy. The fund can borrow from either international and/or domestic financial institutions or funds (including from related parties of either ourselves or the Supervisor, provided such transactions are effected on reasonable arm's length terms).

Geared Growth Fund

The Supervisor has entered into a loan agreement (and related security agreement) under which the supervisor for the Booster Investment Series (who is also Public Trust, the Supervisor for the Scheme) will lend money from either the Wholesale NZ Fixed Interest Portfolio, the Wholesale Corporate Bond Portfolio or the Income Securities Portfolio for the use of the Geared Growth Fund with all such borrowings being ranked equally in priority amongst themselves.

Socially Responsible Geared Growth Fund

The Supervisor has entered into a loan agreement (and related security agreement) under which the supervisor for the Booster Investment Series (who is also Public Trust, the Supervisor for the Scheme) will lend money from the Wholesale New Zealand Socially Responsible Fixed Interest Portfolio for the use of the Socially Responsible Geared Growth Fund with all such borrowings being ranked equally in priority amongst themselves.

Borrowing

Interest rates on amounts borrowed are reviewed periodically. The interest rate on borrowings is set at Official Cash Rate (**OCR**) plus an interest margin (currently 2.3%). Up to date information on interest rates is available by contacting uson **0800 336 338**.

The Wholesale New Zealand Socially Responsible Fixed Interest Portfolio, Wholesale NZ Fixed Interest Portfolio, the Wholesale Corporate Bond Portfolio and the Income Securities Portfolio are established under the Booster Investment Scheme, which is also managed by us.Further information in respect of the Booster Investment Scheme is available on our website at **www.booster.co.nz** or can be obtained by contacting a financial adviser or us.

Interest and related borrowing costs are paid by the Geared Funds. Providers of funding will earn interest, and may receive reimbursements relating to early repayments, dealer fees, legal expenses, government charges, account transaction fees and undrawn commitments. Such providers have a security interest in respect of the relevant Geared Fund's assets that gives them priority over members forinterest and principal repayments.

The gearing ratio is managed within the range of 0% to 50% at our discretion, with the amount of gearing dependent upon a number of factors including, but not limited to,interest rates, borrowing costs, market valuations, dividend yields and market volatility. No additional borrowing is made when the gearing ratio reaches 50% of the value of the fund. The gearing ratio will vary daily due to changes in the value of the assets in the fund, and applications or redemptions.

6. Accidental Death Cover

The Scheme provides accidental death cover for members under the age of eligibility for New Zealand Superannuation (currently 65) and subject to the standard member fee (even if it's waived due to their account balance) but excluding any member with any investment in the Default Saver Fund. If a member meets these criteria, they are an 'insured member'.

How it works

If an insured member's death is a result of *Accidental Death* (terms in *italics* are explained below), the Supervisor will make an Accidental Death Cover payment to the member's estate as follows:

- if the insured member was 18 years or over and was a *Contributing Member* at the time of theirdeath, the amount payable will be between $10,000 and $50,000; or
- if the insured member was either under 18 years or was not a *Contributing Member* at the time of their death the amount payable will be $2,000.

Payments between $10,000 and $50,000

The payment amount depends on the number of consecutive years that the member was a *Contributing Member* prior to their death and the value of their account, as follows:

Number of consecutive years as a *Contributing Member* (ending on the date of the member's death)	Account balance at the date of death (after deduction of fees and taxes)	Accidental Death Cover payment amount
Less than 3 years	Any balance	$10,000
3 years	$20,000 or more	$20,000
	Below $20,000	$10,000 **or** an amount equal to the account balance (whichever is higher)
4 years	$30,000 or more	$30,000
	Below $30,000	$10,000 **or** an amount equal to the account balance (whichever is higher)
5 years	$40,000 or more	$40,000
	Below $40,000	$10,000 **or** an amount equal to the account balance (whichever is higher)
6 years or more	$50,000 or more	$50,000
	Below $50,000	$10,000 **or** an amount equal to the account balance (whichever is higher)

If a former Scheme member re-joins the Scheme, we will consider the amount and the timing of the contributions the member made to their account in the past in calculating their consecutive contributions.

Single Catastrophic Event

If a *Single Catastrophic Event* occurs, the total of all resulting benefits payable under all *BAL Accidental Death Policies* (including policies not associated with the Scheme) is limited to $600,000 (**Single Event Limit**). Where the Scheme's Accidental Death Policy is the only *BAL Accidental Death Policy* affected by a *Single Catastrophic Event*, the benefits payable is limited to $500,000. 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.

The Supervisor will make an Accidental Death Cover payment following the payment of the claim by Booster Assurance Limited. Payment may be delayed should the death be part of a *Single Catastrophic Event*.

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

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.

BAL Accidental Death Policies

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

Contributing Member

A member who has made contributions (employee, employer, or voluntary contributions) to their Booster KiwiSaver Scheme account of at least $1,000 in the prior 12-month period.

Policy

The Accidental Death Cover insurance policy provided by BAL.

Single Catastrophic Event

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

7. Who is involved with the Scheme?

Manager

The manager of the Scheme is Booster Investment Management Limited (**Manager**) 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. The conditions of our licence imposed by the Financial Markets Authority are published on www.fsp-register.companiesoffice.govt.nz.

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

The names of our directors and senior managers, 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 Ross 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 Sharon 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.

Bruce Adrian Edgar, *Wellington (Director).*
BCA

Mr Edgar is a director on our board of directors. He has over 30 years' direct experience across a range of roles in the funds management industry with companies including Southpac Investment Management Limited/National Bank of New Zealand Limited, Trustees Executors Limited, BNZ Investment Management Limited, State Street Global Advisors and BlackRock Investment Management (Australia)

Limited.

Remuneration is made up of fees.

Paul Gerard 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 withcompanies 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 Seng Tong Yeo, *Brisbane, Australia (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.

David Ian Beattie *(Principal).*
BMS

Mr Beattie is a Principal with the Booster Group and is chair of the investment committee. He has over 30 years' experience in investment management and portfolio research, including 16 years at a major Australasian bank where he was responsible for the management of $1.5 billion of managed funds.

Remuneration is made up of salary.

Alison Louise Payne *(Chief Operating Officer).*

Miss Payne is the Chief Operating Officer for the Booster Group and has been with Booster since 2007. Alison has over 20 years' experience in investment banking and energy markets, focusing on settlement and administration, and also has a strong business analyst background from the various roles she has performed during her career.

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 16 January 2023. A copy of its licence, including the conditions on the licence, can be obtained at the Financial Markets Authority's website: **www.fma.govt.nz.**

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

Custodian

The custodian of the Scheme is PT (Booster KiwiSaver) 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 administrationservices to it in respect of the investments and other property subject to the Scheme.

Auditor

The auditor of the Scheme is Ernst & Young (**Auditor**). The Auditor is a registered audit firm under the Auditor Regulation Act 2011. The Auditor's licence is not subject to any conditions. The Auditor has norelationship with or interests in the Scheme other than in its capacity as auditor.

8. Conflicts of interest

Conflicts of interests are circumstances where some or all of the interests of investors for whom we, asmanager of the Scheme, provide financial services, are inconsistent with, or diverge from, some or all ofour 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 theyare managed.

The following are situations where conflicts of interest may arise. This is not an exhaustive list; it includes examples that we have identified:

- Transaction activity is increased to generate higher transaction based fees;
- Investment values artificially inflated to increase fees based on net asset values;
- Investments into related party products;
- Individuals may be influenced to direct investments to specific securities;
- Investment knowledge used by an individual employee to their own benefit (insider trading);
- Internal trading between funds which could be detrimental to one or another;
- Historic performance misrepresented to attract/retain investors;
- Staff are inadequately resourced or trained to provide high level of service

Comprehensive policy has been developed relating to the management of conflicts of interest.

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.

Related party transactions

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

The trust deed governing the operation of the Scheme includes provisions that generally prevent us, from entering into arrangements with a related party other than when transactions are completed on an arm's length basis. In addition, both we and the Supervisor must, at all times, act in the best interests ofmembers when performing any duties in relation to the Scheme.

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;

- Booster Custodial Administration Services Limited, which is a related company of ours, has been engaged by the Custodian and the Supervisor to provide administration services to it in respect of theinvestments and other property of the Scheme;

- Public Trust which is the Supervisor of the Booster Investment Scheme Wholesale New Zealand Socially Responsible Fixed Interest Portfolio has provided the Supervisor a loan facility of up to $6,000,000 from the Wholesale New Zealand Socially Responsible 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 New Zealand Socially Responsible Fixed Interest Portfolio) over the assets of the Booster KiwiSaverScheme Socially Responsible Geared Growth Fund as security for the loan obligations referred to above.

- Public Trust which is the Supervisor of the Booster Investment Scheme Income Securities Portfolio has provided the Supervisor a loan facility of up to $10,000,000 from the Income Securities Portfolio Fund (one of the funds comprising the Booster Investment Scheme) for use by the Booster KiwiSaver Scheme Geared Growth Fund;
- the Supervisor has granted a security interest in favour of Public Trust (as supervisor of the BoosterInvestment Scheme Income Securities Portfolio) over the assets of the Booster KiwiSaver Scheme Geared Growth Fund as security for the loan obligations referred to above; and
- Public Trust which is the Supervisor of the Booster Investment Scheme Wholesale NZ Fixed Interest Portfolio has provided the Supervisor a loan facility of up to $25,000,000 from the Wholesale NZ Fixed Interest Portfolio (one of the funds comprising the Booster Investment Scheme) for use by the Booster KiwiSaver Scheme Geared Growth Fund;
- the Supervisor has granted a security interest in favour of Public Trust (as supervisor of the Booster Investment Scheme Wholesale NZ Fixed Interest Portfolio) over the assets of the Booster KiwiSaver Scheme Geared Growth Fund as security for the loan obligations referred to above.
- Public Trust which is the supervisor of the Booster Investment Scheme Wholesale Corporate Bond Portfolio has provided the Supervisor a loan facility of up to $10,000,000 from the Wholesale Corporate Bond Portfolio (one of the funds comprising the Booster Investment Scheme) for use by theBooster KiwiSaver Scheme Geared Growth Fund;
- the Supervisor has granted a security interest in favour of Public Trust (as Supervisor of the Booster Investment Scheme Wholesale Corporate Bond Portfolio) over the assets of the Booster KiwiSaver Scheme Geared Growth Fund as security for the loan obligations referred to above.
    - In relation to the lending provided to the Geared Growth Fund by the Booster Investment Scheme Income Securities Portfolio, the Booster Investment Scheme Wholesale NZ Fixed Interest Portfolio and the Booster Investment Scheme Wholesale Corporate Bond Portfolio, the Supervisor (as Supervisor of the Booster Investment Scheme Income Securities Portfolio, the Booster Investment Scheme Wholesale NZ Fixed Interest Portfolio and the Booster Investment Scheme Wholesale Corporate Bond Portfolio) has entered into a Pari Passu Deed agreeingto 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; and
- 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.

All of these contracts 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.

Some of the Scheme's investment funds may invest into the underlying Booster Investment Scheme wholesale funds which are party to the loan arrangements with the Booster KiwiSaver Scheme Geared Growth Fund and Socially Responsible Geared Growth Fund as described above. The Scheme's other investment funds are not direct parties to the loan arrangements, they gain exposure by investing in the Booster Investment Scheme wholesale funds. Further information on the investment funds' exposure to the loan arrangements between the Booster Investment Scheme wholesale funds and the Geared Funds can be found in the quarterly fund updates and on the full portfolio holding listings issued on the Disclose offer register at **www.disclose-register.companiesoffice.govt.nz**.

9. Other material contracts

Other contracts, not otherwise mentioned in this document, that may be material to a decision on investing in the Scheme, include:

- Instrument of Appointment. The Scheme was re-appointed as a Default Provider by the Governmentin 2021. The Instrument of Appointment states our administration and reporting obligations under the appointment.
- Management and Reporting Agreement between us and the Supervisor in respect of the supervisionand management of the Scheme. The Management and Reporting Agreement details the duties, responsibilities and reporting requirements and obligations of us, 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 these contracts, as well as those that are referred to elsewhere in this document, is available by contacting us on **0800 336 338**.

See section 7 – "Conflicts of Interest – related party transactions" for other contracts between related parties.

We're here to help.

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

booster.co.nz

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