

Booster Investment Scheme

Product Disclosure Statement

Investment Series: Income Securities Portfolio

Offer of units in the
Booster Investment Scheme

17 November 2023

Issuer: Booster Investment Management Limited

This document replaces the Product Disclosure Statement dated 18 October 2023

This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer on www.disclose-register.companiesoffice.govt.nz. Booster Investment Management Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial advice provider to help you make an investment decision.

1. Key information summary

What is this?

This is a managed investment scheme.

Your money will be pooled with other investors' money and invested in various investments.

Booster Investment Management Limited (**Booster** or **Manager** or **We** or **Us**) will invest your money and charge you a fee for its services.

The returns you receive are dependent on the investment decisions of Booster and the performance of the investments. The value of those investments may go up or down.

The types of investments and the fees you will be charged are described in this document.

What will your money be invested in?

The Booster Investment Scheme has a range of funds for you to choose from.

This Product Disclosure Statement covers one of these funds – the Investment Series: Income Securities Portfolio (which has two investment options – Call Class and Term Class Series). This fund is summarised on the following page.

More information about the investment target and strategy for the fund is provided at Section 3 – *Description of your investment option*.

All investments in the funds are made through the Booster wrap administration system (**System**). You'll need to enter into an agreement with a financial adviser who uses the System and the System administrator before making an investment. See Section 2 – *How does this investment work?* – *Making investments* for more information.

If you'd like to know about the other funds visit www.booster.co.nz, contact us, or ask your financial adviser.

Who manages the Booster Investment Scheme?

Booster is the manager of the Scheme.

You'll learn more about us in Section 7 – *Who is involved?*

What are the returns?

The Income Securities Portfolio Term Class Series distributes the income earned at the end of March of each year and at the end of your selected investment term. At the end of your investment term your investment and the income earned that has not been distributed will be automatically invested in the Income Securities Portfolio Call Class unless you choose to either invest your money for another investment term or have the amount paid to your System account.

The Income Securities Portfolio Call Class does not make income distributions. The income earned is reflected in the unit price on a daily basis.

See Section 2 – *How does this investment work?* for more information.

How can you get your money out?

Generally, you can withdraw some or all of your investment in the Income Securities Portfolio Call Class at any time, and at the end of your selected investment term in the Income Securities Portfolio Term Class Series. Your financial adviser will facilitate your withdrawal request with the System administrator. There are minimum withdrawal amount requirements and you must maintain the minimum on-going balance for the fund.

Withdrawal requests received before 10am on a business day will normally be paid to your System account in cash that day.

Your investment in this Investment Series Fund can be sold but there is no established market for trading these financial products. This means that you may not be able to find a buyer for your investment.

We'll explain how you can withdraw your investment in Section 2 – *How does this investment work?*

How will your investment be taxed?

The Booster Investment Scheme is a portfolio investment entity (PIE) for tax purposes.

The amount of tax you pay in respect of a PIE is based on your prescribed investor rate (PIR). To determine your PIR, go to www.ird.govt.nz/roles/portfolio-investment-entities/find-my-prescribed-investor-rate.

See Section 6 of the PDS – *What taxes will you pay?* on page 10 for more information.

Where can you find more key information?

Booster is required to publish quarterly updates for each fund. The updates show the returns, and the total fees actually charged to investors, during the previous year. The latest fund updates are available at www.booster.co.nz.

The manager will also give you copies of those documents on request.

Your fund option

Fund	Description and investment objective ¹	Risk indicator
Income Securities Portfolio	The fund invests entirely in income assets. It is suited to investors looking for a better return than traditional on-call or term investments with major trading banks, with an expected stable capital value, who are willing to accept a low to medium level of credit risk. ²	<p>← Potentially lower returns Potentially higher returns →</p> <p>1 2 3 4 5 6 7³</p> <p>← Lower risk Higher risk →</p>

¹ **Income assets** include cash and fixed interest investments.

² The fund's investment mix is predominantly New Zealand fixed interest investments, with an assessed credit rating quality that is typically about equivalent to a 'BBB' Standard & Poor's or Fitch credit rating on average. Although a 'BBB' Standard & Poor's or Fitch credit rating would generally be recognised as "investment grade", it is below the credit rating of most major trading banks. Despite the expected stable capital value, investors would be affected if there was a credit default by an underlying company in which the fund is invested. For further information on credit ratings, see www.rbnz.govt.nz/research-and-publications/fact-sheets-and-guides/factsheet-know-your-credit-ratings. See Section 4 – *What are the risks of investing?* and *Other specific risks* for information on credit default risk (called 'credit default events') that investors may be exposed to.

³ The purpose of the Risk Indicator is to provide an indication of the volatility of the returns from the fund. The Risk Indicator does not include the risk of capital losses from the fund if an underlying company in which the fund has invested defaults. The Risk Indicator of 1 applies to the Income Securities Portfolio because income returns for the fund are set by the Swap Agreement and are therefore not expected to be volatile. For further information on the Swap Agreement see Section 2 – *How does this investment work?*

The fees you pay

Fund	Annual fund charges (estimated)	Individual action fees
Income Securities Portfolio⁴	0.80%	Income Securities Portfolio Term Class Series Early Withdrawal fee Booster may charge you an early withdrawal fee. This fee will be no more than the greater of \$250 or 2% of the amount withdrawn or switched and is capped to the total amount of income earned on your investment as at the date the withdrawal is made.

⁴ The Income Securities Portfolio pays Posted Rates to investors. The fund's annual fund charges represent an estimate of the amount that Booster receives by retaining the difference between income earned by the fund and the amount (the Posted Rates) paid to investors. The actual amount earned by Booster may be higher or lower and may be a negative amount (in which event, Booster would pay money to the fund). Posted Rates are not affected by amounts paid to Booster. See Section 2 – *How does this investment work?* and Section 5 – *What are the fees?* for further information.

Goods and services tax (GST) is not included in any of the fees stated. GST will be added to any fees where applicable.

For more information about the fees charged, see Section 5 – *What are the fees?*

See Section 4 – *What are the risks of investing?* for an explanation of the risk indicator and for information about other risks that are not included in the risk indicator. To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at www.sorted.org.nz/tools/investor-profiler/

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2. How does this investment work?

Booster Investment Scheme is governed by a Trust Deed, which is an agreement between us and the Scheme's Supervisor **Public Trust**.

The Scheme is a managed investment scheme. This means your money is pooled with other investors' money and invested in various assets.

One fund is covered by this PDS. You do have more funds to choose from – see *How to switch between funds* on page 5 for more information.

The investments of each fund are kept separate and are not able to be used to meet the liabilities of another fund

Why invest

The key benefits of investing in Booster Investment Scheme include:

- **Diversification.** Your money is combined with other investors' money, giving you access to a wider variety of investments than you could usually achieve on your own.
- **Experience.** The investments are managed by experienced professionals.
- **Flexibility.** You can choose from a range of funds to suit your investor profile and investment goals. How much you invest and when you withdraw is up to you. You can also request any changes to your investment at any time.
- **Knowledge.** We keep you up to date about your investment with regular reporting and you can easily access information about your investment online.
- **Access to financial advice.** You have access to a financial advice provider who will be able to help you with your investment decisions. See the Annual Fund Charges section for more details.

Income Securities Portfolio

The Income Securities Portfolio offers two investment options for you to choose from and in each option the investment return received is a Posted Rate:

- **Call Class** – your money is invested in the Income Securities Portfolio and is available 'on-call'.
- **Term Class Series** – your money is invested in the Income Securities Portfolio for a fixed period of time.

Each of the Call Class and Term Class Series sets a 'Posted Rate' that represents the returns payable to investors in the absence of a 'credit default event' (as outlined below). See below for an explanation on how investment returns are paid to investors in the Income Securities Portfolio.

Call Class

When you invest your money in the Income Securities Portfolio Call Class, you receive Call Class 'units'. These units represent your share of the investments in the fund.

Booster sets a 'Posted Rate' for the Call Class units, which is the return (before tax and after fees) that is payable from the income earned by the fund's investments. The Posted Rate can change at any time and Booster will let your financial adviser know when it changes.

There are no income distributions made to investors holding Call Class units. The income earned is reflected in the Call Class units' unit price on a daily basis.

Term Class Series

When you invest your money in the Income Securities Portfolio Term Class Series, you receive Term Class Series 'units' which are priced at \$1.00 each. These units represent your share of the investments in the fund.

Booster sets a 'Posted Rate' which is the rate of return (before tax and after fees) that will be payable on your investment at the end of the investment term.

The income earned on the fund's investments is accrued daily at the Posted Rate and distributed to you before tax and after fees and takes into account the number of days you held the Term Class Series units.

Providing the Posted Rates for the Income Securities Portfolio

Booster and the Supervisor have entered into a 'Swap Agreement' to provide the Posted Rates for the Income Securities Portfolio Call Class and Term Class Series. A swap agreement typically involves two parties agreeing to exchange one series of payments for another.

Under the Swap Agreement for the Income Securities Portfolio, Booster provides the Posted Rates to investors and in exchange Booster receives the income earned from the fund's investments that is above the Posted Rates. This means that if the total fund returns are greater than the Posted Rates, the surplus of the total investment income above the Posted Rates is paid to Booster as a performance-based fee. If the investment income is less than the Posted Rates, Booster is still required to provide the Posted Rates to investors by using its own money to top up the income of the fund to that rate. The Posted Rates are not affected by the performance-based fees paid to Booster (but where the fund's income is less than the Posted Rate, the fund will rely on receiving a payment from Booster to top-up that shortfall). See Section 5 – *What are the fees?* for further information on the performance-based fee.

This means that as an investor in the fund, you will receive the Posted Rate regardless of the income earned from the fund's investments but Booster may not receive a performance-based fee.

When the Posted Rate may not be paid

An exception to an investor receiving the Posted Rate, is the occurrence of a credit default event (also known as a force majeure event). For more information on this risk refer to Section 4 – *What are the risks of investing?*

Additionally, where Booster is required to top up the Posted Rates under the Swap Agreement from its own monies, investors are affected by the risk that Booster may not be able to fund the additional top up to pay the Posted Rates. Booster believes this risk is unlikely because (1) the fund invests into a number of standard interest rate swap agreements with third parties (e.g. banks and like institutions) to provide the fund with greater certainty as to the effect of changes in interest rates on the fund and (2) the limited scale of payments that might be required to be made by Booster to the fund, when compared to Booster's overall income rights from the fund and all other funds managed by it, which are overseen by the Supervisor.

For more information on the Swap Agreement, see Section 4 – *Income Securities Portfolio* of the *Other Material Information* document available at www.booster.co.nz.

Making investments

How you invest

All investments in the funds are made through the Booster wrap administration system (System). You'll need to enter into an agreement with a financial adviser who uses the System and the System administrator before making an investment. The agreement explains the terms and conditions of using the System and appoints and authorises your financial adviser to provide various administration services to you and the System administrator. By investing through the System, your investment will be held by a custodian on your behalf, but you remain the beneficial owner of the investment.

Which funds can you choose?

You can choose to invest in one or more funds. A financial adviser can advise you on the fund(s) that best suit your investor profile and investment goals.

How much can you invest?

Income Securities Portfolio Call Class

The minimum initial investment in the Income Securities Portfolio Call Class is \$1,000. While you're not required to make any further investments, you can invest more at any time by either making lump sum investments (minimum \$500) or regular investments (minimum \$100). These additional amounts can be invested in the Income Securities Portfolio Call Class.

If you would like to make regular investments, you have the option of making deposits fortnightly, monthly or quarterly. You can also choose the date on which the money is deducted from your bank account and then added to your investment. You're also able to increase, reduce or suspend your regular investment amount at any time so long as your investment does not fall below the minimum on-going balance in the fund. To set-up a regular investment, you'll need to complete a regular investment form which is available through Booster or from your financial adviser.

Booster may waive or vary the minimum investment amounts at any time.

Income Securities Portfolio Term Class Series

The minimum investment in an Income Securities Portfolio Term Class Series is \$1,000. While you're not required to make any further investments, you can choose to invest more by setting up another investment in an Income Securities Portfolio Term Class Series.

Booster may waive or vary the minimum investment amounts at any time.

Maximum investment amount

While the maximum amount you invest is up to you, the only restriction is that no investor can own 20% or more of all the units in a fund. This is to ensure that the Booster Investment Scheme maintains its PIE eligibility status for tax purposes.

If the amount you invest initially or subsequently means the Booster Investment Scheme or the fund will be unable to continue as a PIE, we may either refuse to accept your investment or accept a reduced amount to be invested in the fund.

How do you pay?

You can make investments by direct credit or direct debit. Cash deposits will not be accepted. When you make a payment, your investment will initially be paid into a trust account of the custodian of the System, Asset Custodian Nominees Limited (ACNL). ACNL will then transfer this money to the Custodian of the Income Securities Portfolio for investing.

Withdrawing your investments

Income Securities Portfolio Call Class

You can withdraw some or all of your investment at any time. The minimum lump sum withdrawal amount is \$500.

You also have the option to make regular withdrawals from your investment (minimum \$100 per withdrawal) fortnightly, monthly, quarterly or six monthly and you can choose the date on which the money is to be paid to your bank account. To set-up a regular withdrawal, you'll need to complete a regular withdrawal authority form which is available either from us or your financial adviser.

Income Securities Portfolio Term Class Series

Investments are repaid at the end of your selected investment term. You should let your financial adviser or Booster know before the end of the investment term whether you wish to withdraw your money or reinvest your money for another investment term. If you don't let us know, your money will be automatically invested in the Income Securities Portfolio Call Class.

If you choose to withdraw some or all of your investment before the end of the investment term, the minimum withdrawal amount is \$500. Booster may, at its discretion, allow the withdrawal and charge an early withdrawal fee. See Section 5 – *What are the fees?* for more information.

Minimum on-going balance

You'll need to maintain the minimum on-going balance of \$1,000 in each fund after any withdrawal. If your withdrawal request takes your balance below this amount, you will need to either top up your investment back to the minimum balance or transfer your money to another fund that you hold. If you don't hold units in another fund, Booster reserves the right to pay the balance of your investment less any tax and fees to your nominated bank account and your investment in the fund will cease.

Making a withdrawal

To withdraw some or all of your investment, you'll need to tell your financial adviser so they can facilitate your withdrawal request. To set-up a regular withdrawal, you'll need to complete a regular withdrawal authority form which is available from your financial adviser.

Withdrawal requests received before 10am on a business day will normally be processed the same day but could take up to 14 business days of receiving the request.

In very unusual circumstances it may take longer and will be managed on a case by case basis. We can delay the payment of withdrawals if we believe that making payments is not practicable, or in the best interests of all Booster Investment Scheme investors.

When a full withdrawal is made, tax will be deducted or refunded before the money is paid to you. For partial withdrawals, while tax will normally be deducted or refunded at the end of the tax year, a deduction may be made from the amount payable to ensure that enough money remains in your account to cover any tax payment.

If you are invested in the Income Securities Portfolio Term Class Series and the investment term ends after 31 March, Booster will distribute the income earned to that date and deduct any tax that is due. The net amount will be paid to your System account.

How to switch between funds

At any time, you can change the funds that your money is invested in. However, if you wish to switch some or all of your investment in an Income Securities Portfolio Term Class Series investment before the end of your selected investment term, Booster may at its discretion allow the switch and may charge an early withdrawal fee. See Section 5 – *What are the fees?* for more information.

There are additional Booster Investment Scheme funds that you can invest in which are not covered in this document. You can learn about them in the following Product Disclosure Statements available from your financial adviser, by contacting us, or by visiting www.booster.co.nz.

- Booster Investment Scheme – Investment Series: Multi-sector Funds;
- Booster Investment Scheme – Investment Series: Income Funds and Corporate Bond Fund; and
- Booster Investment Scheme – Focus Series Funds.

3. Description of your investment option

What we mean when we talk about:

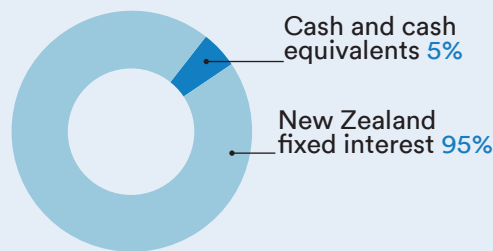
- **Income assets** – cash and fixed interest investments.

Income Securities Portfolio

Investment objective and strategy

- The fund’s objective is to provide both Call Class and Term Class Series options, investing predominantly through a diversified range of short to medium term higher yielding income assets, in New Zealand or overseas.⁵
- It aims to achieve a rate of return ahead of the benchmark index – the Bloomberg NZBond Bank Bill Index.
- Although the fund is diversified its risk profile is above that of deposits with the major trading banks.
- The fund invests entirely in income assets.

Target investment mix



Growth Assets 0% Income Assets 100%

Risk Indicator



Minimum suggested investment timeframe

Call Class: on-call Term Class: the selected investment term

⁵ The fund’s investment mix is predominantly New Zealand fixed interest investments, with an assessed credit rating quality that is typically about equivalent to a ‘BBB’ Standard & Poor’s or Fitch credit rating on average. Although a ‘BBB’ Standard & Poor’s or Fitch credit rating would generally be recognised as “investment grade”, it is below the credit rating of most major trading banks. Despite the expected stable capital value, investors would be affected if there was a credit default by an underlying company in which the fund is invested. For further information on credit ratings, see www.rbnz.govt.nz/research-and-publications/fact-sheets-and-guides/factsheet-know-your-credit-ratings. See Section 4 – *What are the risks of investing?* and *Other specific risks* for information on credit default risk (called ‘credit default events’) that investors may be exposed to.

⁶ The purpose of the Risk Indicator is to provide an indication of the volatility of the returns from the fund. The Risk Indicator does not include the risk of capital losses from the fund if an underlying company in which the fund has invested defaults. The Risk Indicator of 1 applies to the Income Securities Portfolio because income returns for the fund are set by the Swap Agreement and are therefore not expected to be volatile. For further information on the Swap Agreement see Section 2 – *How does this investment work?*

Statement of Investment Policy and Objectives

If you would like to learn more about the funds, you can read the Statement of Investment Policy and Objectives (SIPO). The most current SIPO for the funds can be found on our website www.booster.co.nz. We may change the SIPO from time to time without notifying you. We will consult with the Supervisor and give them written notice of any changes before they take effect. Any material changes will be advised in the Booster Investment Scheme annual report.

Further information about the assets in the funds can be found in the fund updates at www.booster.co.nz.

4. What are the risks of investing?

Understanding the risk indicator

Managed funds in New Zealand must have a standard risk indicator. The risk indicator is designed to help investors understand the uncertainties both for loss and growth that may affect their investment. You can compare funds using the risk indicator.



The risk indicator for the fund covered in this Product Disclosure Statement can be found on page 2.

The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the fund's assets goes up and down (volatility). A higher risk generally means higher potential returns over time, but more ups and downs along the way.

To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at www.sorted.org.nz/tools/investor-profiler/.

Note that even the lowest category does not mean a risk-free investment, and there may be other risks (described under the heading 'Other specific risks') that are not captured by this rating.

This risk indicator is not a guarantee of a fund's future performance. The risk indicator is based on the returns data for the five years to 30 September 2023. While risk indicators are usually relatively stable, they do shift from time to time.

You can see the most recent risk indicator in the latest fund update for the fund. Fund updates are published each quarter on www.booster.co.nz.

We believe that the period of returns used to calculate the risk ratings may not be representative of the average investment cycle for the fund and therefore the risk indicators shown may be different if calculated over longer term investment periods.

It is also important for you to read the explanation about the matters which may affect your returns that are not taken into account when determining the risk indicator for an investment. Funds that have the same risk rating may have different risks. This is relevant when assessing an investment in the Income Securities Portfolio as investors' returns could be affected if there was a credit default event (see 'Other specific risks – Income Securities Portfolio').

General investment risks

Some of the things that may cause the fund's value to move up and down, which affect the risk indicator, are:

- **Asset class risk.** The risk for the fund is largely determined by the mix of assets in the fund. The funds offered in this product disclosure statement hold income assets such as fixed interest investments which do not generally experience frequent losses and gains over the long-term when compared with other funds with more growth assets such as shares.
- **Market risk.** This is the risk that a fund experiences loss due to factors that may impact the overall performance of financial markets, sector, or specific investments in response to negative information and factors. These factors include, but are not limited to, economic and regulatory conditions, political events, environmental and technological issues.

- **Manager risk.** A fund could underperform because of the way we, or an investment manager that we have selected, manages the fund's investments.
- **Settlement risk.** If the other party to a transaction by a fund, or an intermediary used, fails to deliver on their obligations, which may result in a loss of value to the fund.
- **Interest rate risk.** Interest rates on fixed interest investments increase, causing a drop in their value.
- **Credit risk.** This is the risk that the value of a fixed interest investment drops because there are doubts about the ability of a borrower to meet their future payment obligations. In relation to the Income Securities Portfolio this type of risk may arise as a result of a 'credit default event'. See below for further information under 'Other specific risks – Income Securities Portfolio' and 'Providing the Posted Rates for the Income Securities Portfolio' on page 4 for further information.
- **Liquidity risk.** If the fund is unable to sell an investment at the desired time, or will be sold at a lower value than would be expected in normal market conditions, which could impact the value of the investment and returns.

Other specific risks — Income and Securities Portfolio

There are other factors, not already reflected in the risk indicator that may significantly impact returns for investors in the Income Securities Portfolio as follows.

- **Credit default events.** This is the risk that if events beyond control of Booster occur, it may result in investors receiving less than the Posted Rate and the reduction in the value of their initial investment as a result of a default in the payment of interest or repayment of capital. This is called a "force majeure" event in the Swap Agreement and may impact all or some of the investments. If the event is limited to certain investments, we can choose to continue to apply the Swap Agreement to unaffected investments and suspend the Swap Agreement on the affected investments until the force majeure event has ceased. The effect of this is that investors will still receive a return on the unaffected investments but the return may be less than the Posted Rate for those investments affected. To assist investors' understanding of this risk, information on the credit quality and relevant weighting of the underlying investments held by the Income Securities Portfolio can be obtained in the Fund Update or Fact Sheet available at www.booster.co.nz.
- **Related Party Lending Risk.** The Income Securities Portfolio provides a loan to the Booster KiwiSaver Scheme Geared Growth Fund, a fund also managed by us and this loan is therefore a related party loan (although we, Booster, are not the borrower). In addition, the Income Securities Portfolio shares a pari passu arrangement with two other related party funds that lend to the Geared Growth Fund whereby each of the related party funds, including the Income Securities Portfolio, share an equal proportionate ranking of their respective security interests in the Geared Growth Fund. The risk to lenders (e.g. the Income Securities Portfolio) of a default occurring (or, if one was to occur, the loan not being fully repaid) is limited by the total borrowings of the Geared Growth Fund being restricted to 50% of its net asset value (which would also be 1/3rd of the gross asset value of that fund). See Section 7 – *Conflicts of interest* of the *Other Material Information* document available at www.booster.co.nz for further information.

- **Performance-based fee Risk.** As the fund pays a Posted Rate to investors with the difference in income earned by the fund (whether positive or negative being retained by us), there is a risk that to increase the overall return of the portfolio (thereby increasing the performance-based fee paid to us) we could make investment decisions that put the fund and its investors at unnecessary risk relative to that of the low to moderate credit risk indicated for this fund. This risk is managed by requiring that any new investments of the fund have a minimum credit rating and limits on individual weightings in the fund. See the Statement of Investment Policy and Objectives (SIPO) for the Booster Investment Scheme at www.booster.co.nz for further information on minimum credit ratings applying.
- **Failure by Booster to implement Swap Agreement.** Where the Posted Rate is not achieved and Booster is required to top up the Posted Rate under the Swap

Agreement from its own monies, investors are affected by the risk that Booster may not be able to fund the additional top up to pay the Posted Rate. Booster believes this risk is unlikely because (1) the fund enters into a number of standard interest rate swap agreements with third parties (e.g. banks and like institutions) to provide greater certainty as to the effect of changes in interest rates on the fund's investments and (2) the limited scale of payments that might be required to be made by Booster to the fund, when compared to Booster's overall income rights from the fund and all other funds managed by it, which are overseen by the Supervisor.

For more information on the risks of investing in the Booster Investment Scheme, see Section 2.10 – *Risks of the Other Material Information* document available on our website www.booster.co.nz.

5. What are the fees?

You will be charged fees for investing in the Investment Series Funds. Fees are deducted from your investment and will reduce your returns. If Booster invests in other funds, those funds may also charge fees. The fees you pay will be charged in two ways:

- regular charges (for example, annual fund charges). Small differences in these fees can have a big impact on your investment over the long term;
- one-off fees (for example, early withdrawal fee).

Annual fund charges

Income Securities Portfolio	Performance-based fee (estimated)	0.80%
	Total annual fund charges (estimated)	0.80%

Individual action fees

Income Securities Portfolio Term Class Series

Early Withdrawal fee

Booster may charge you an early withdrawal fee. This fee will be no more than the greater of \$250 or 2% of the amount withdrawn or switched and is capped to the total amount of income earned on your investment as at the date the withdrawal is made.

Annual fund charges

The annual fund charges include all charges associated with investing in the funds excluding one-off fees relating to individual investor actions. These include:

Income Securities Portfolio Call Class and Term Class Series

Performance-based fees

Under the Swap Agreement Booster provides the Posted Rates to investors and in exchange Booster receives any additional income earned from the fund's investments that is above the Posted Rate. This means that if the total fund returns are greater than the Posted Rate, the surplus between the total investment income and the Posted Rate is retained by Booster as a performance-based fee. If the investment income is less than the Posted Rate, Booster is still required to provide the Posted Rate to investors by using its own money to top up the income of the fund to that rate.

The estimated performance-based fees payable to Booster are based on the calculations described below, rather than the performance of the fund relative to the market index of the Income Securities Portfolio.

The Posted Rates are not affected by the performance-based fees paid to Booster (but where the fund's income is less than the Posted Rate, the fund will rely on receiving a payment from Booster to top-up that shortfall).

The performance-based fee covers any management fee for Booster, the Supervisor's fee, administration costs, an estimate for other costs, disbursements, charges or expenses incurred either directly or indirectly by Booster and the Supervisor.

The Income Securities Portfolio performance-based fee is described below:

1. **Hurdle rate of return.** A performance-based fee is payable to Booster Investment Management Limited, as manager of the Income Securities Portfolio, where the posted rate of return is exceeded.
2. **Amount of the performance-based fee.** The actual fee will be equal to the difference between the Posted Rate paid to investors and any additional income earned from the fund's investments that is above the Posted Rate.⁷ We estimate this performance-based fee to be 0.80% p.a. on average.
3. **Maximum limit of the fee.** There is no maximum limit of the performance-based fee payable.
4. **No high water mark.** There is no high water mark on the performance-based fee payable, as Booster will pay an amount to the fund to top-up to the Posted Rate in the event the Posted Rate is not achieved. Booster may still be paid a performance-based fee where a credit default occurs if the overall return of the fund is still greater than the Posted Rates.
5. **Frequency of calculation and payment.** The fee is calculated based on any positive difference above the Posted Rate, and is calculated and paid on a monthly basis.

Individual action fees

Early withdrawal fee

If you withdraw or switch some or all of your investment in an Income Securities Portfolio Term Class Series before the end of your selected investment term, we may charge an early withdrawal fee. This fee is deducted from the withdrawal amount and paid to Booster.

There are currently no establishment, contribution fees, termination or withdrawal fees (other than the early withdrawal fee for the Income Securities Portfolio Term Class Series). You may be charged other fees on an individual basis for investor-specific decisions or actions (such as a switching fee or regular withdrawal fee for the Income Securities Portfolio Call Class) although none are currently charged.

For more information on the Booster Investment Scheme fees and charges see the *Other Material Information* document which can be found on our website www.booster.co.nz.

Goods and services tax (GST) is not included in any of the fees stated. GST will be added to any fees where applicable.

The fees can be changed

Any new fees or changes to existing fees are subject to the Trust Deed. We will consult and agree any fee change with the Supervisor and provide 1 month's notice of any increase in the management fee to all investors in the relevant fund.

Booster must publish a fund update for each fund showing the fees actually charged during the most recent year. Fund updates, including past updates, are available at www.booster.co.nz.

Example of how fees apply to an investor

Michael invests \$10,000 in the Income Securities Portfolio. He is not charged an establishment fee. He is not charged a contribution fee. This brings the starting value of his investment to \$10,000.

He is not charged management and administration fees.

The manager of the fund receives a performance-based fee of \$80 (0.80% of \$10,000) from which it pays the management and administration fees and other costs and retains the balance. This fee does not reduce the amount that Michael receives as a Posted Rate for his investment in the Income Securities Portfolio as described above.

Estimated total fees for the first year

Individual action fees: \$0 | Fund charges: \$0 | Performance-based fees: \$80

See the latest fund update for an example of the actual returns and fees investors were charged over the past year.

This example applies only to the Income Securities Portfolio. If you are considering investing in other funds in the scheme, this example may not be representative of the actual fees you may be charged.

⁷ The performance-based fee can be negative, in which event Booster will pay the difference to the Income Securities Portfolio and will not earn a fee.

6. What taxes will you pay?

The Scheme is a portfolio investment entity (PIE). The amount of tax you pay is based on your prescribed investor rate (PIR). To determine your PIR, go to www.ird.govt.nz/roles/portfolio-investment-entities/find-my-prescribed-investor-rate. If you are unsure of your PIR, we recommend you seek professional advice or contact Inland Revenue Department.

It is your responsibility to tell Booster your PIR when you invest or if your PIR changes. If you do not tell Booster, a default rate may be applied.

If the rate applied to your PIE income is lower than your correct PIR, you will be required to pay any tax shortfall as part of the income tax year-end process. If the rate applied to your PIE income is higher than your PIR, any tax over-withheld will be used to reduce any income tax liability you may have for the tax year and any remaining amount will be refunded to you.

If you are investing in the fund as a joint investor, company, trust, or estate, see Section 2.12 – *Taxation of the Other Material Information* document available on our website www.booster.co.nz for more information.

7. Who is involved?

About Booster

Booster Investment Management Limited (**Booster**) is the manager of the Booster Investment Scheme.

We are part of the Booster Group which has been helping New Zealanders save since 1998. The group currently administers superannuation and investment funds of over \$5 billion on behalf of more than 190,000 New Zealanders.

You can contact us at:

Booster Investment Management Limited
Level 19, Aon Centre, 1 Willis Street
PO Box 11872, Manners Street Wellington 6142

Phone: **0800 336 338**

Email: investments@booster.co.nz

Who else is involved?

	Name	Role
Supervisor	Public Trust	Supervises us to make sure we meet our responsibilities and obligations.
Custodian	PT (Booster Investments) Nominees Limited	Appointed by the Supervisor to hold the assets of the funds on behalf of the investors.
Other	Booster Custodial Administration Services Limited	Appointed by the Custodian and the Supervisor to provide custodial administration services. It is also the administrator of the Booster wrap administration system and a related party of Booster.
	Booster Financial Services Limited	Provides administration and management support to us for the Scheme and its members.

8. How to complain

Any complaints about the Booster Investment Scheme, can be made to us (in the first instance), or the Supervisor, at the contact details below:

Manager

Booster Investment Management Limited

Attn Chief Operating Officer
Level 19, Aon Centre, 1 Willis Street
PO Box 11872, Manners Street
Wellington 6142

Phone: **0800 336 338**

Email: investments@booster.co.nz

Supervisor

Public Trust

Attn General Manager, Corporate Trustee Services
Public Trust Building
Level 2, 22–28 Willeston St
Wellington 6011
Private Bag 5902
Wellington 6140

Phone: **0800 371 471**

Email: CTS.Enquiry@PublicTrust.co.nz

If your complaint can't be resolved, you can refer it to one of the following approved dispute resolution schemes. They won't charge you a fee to investigate or resolve your complaint.

Booster's approved dispute resolution scheme

Financial Dispute Resolution Service

Level 4, 142 Lambton Quay
Freepost 231075
PO Box 2272
Wellington 6140

Phone: **0508 337 337**

Email: enquiries@fdrs.org.nz

Website: www.fdrs.org.nz

Public Trust's approved dispute resolution scheme

Financial Services Complaints Limited

Level 4, 101 Lambton Quay
PO Box 5967
Wellington 6140

Phone: **0800 347 257**

Email: complaints@fscl.org.nz

Website: www.fscl.org.nz

9. Where you can find more information

More information the Booster Investment Scheme and the funds, including fund updates, financial statements, annual reports, the Trust Deed, SIPO, and Other Material Information is available on the scheme register and offer register at www.disclose-register.companiesoffice.govt.nz and copies can be requested from the Registrar of Financial Service Providers.

The above information is also available free of charge at www.booster.co.nz or by contacting us or your financial adviser.

10. How to apply

You can invest in the Income Securities Portfolio by applying via a financial adviser who can enter into:

- A Client Custody Agreement with the System administrator; or a
- A Discretionary Investment Management Service and uses the System.

If you would like to get in touch with a financial adviser who uses the System, call us on **0800 336 338** or go to www.booster.co.nz.

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We're here to help.

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

booster.co.nz

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