booster savvy

Booster Savvy Scheme

Other Material Information

5 June 2024

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1. Introduction

The Booster Savvy Fund (**Fund**) is a fund offered under the Booster Savvy Scheme (**Scheme**).

This document is designed to provide potential customers with additional information on the Fund that is not available in the Product Disclosure Statement (**PDS**) that we believe may be helpful.

Additional information regarding the operation of the Scheme can be found in the Scheme's Trust Deed (**Trust Deed**) which can be viewed on our website at **www.booster.co.nz**.

Where the term "we", "us", "our", "ourselves", "Manager" or "Booster" is used, we mean Booster Investment Management Limited, the Manager of the Scheme.

Where the term "Supervisor" is used, we mean Public Trust, the supervisor of the Scheme.

It is not possible to include full information on all aspects of the Fund or the Scheme in the PDS and/or this document and you may have further questions about the suitability of the Fund 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 336 388** or by email at **savvy@booster.co.nz**. You can also discuss your personal situation with your financial adviser.

2. Information about the Booster Savvy Scheme

2.1 Risk Indicator

Information on the risk indicator for the Fund has been included in the PDS. The risk indicator for the Fund is set out in the PDS section 1 "Key Information Summary", section 3 "Description of your investment options" with further information in section 4 "What are the risks of investing?" Each quarter, fund updates will tell you what the most recent risk indicator is for the Fund.

The purpose of the risk indicator is to provide an indication of the volatility of the returns from the Fund.

The Fund was established in December 2021 and the Fund's investment policy changed significantly in May 2023. Accordingly, the risk indicator has been calculated using market index returns for the period 1 April 2019 to 31 May 2023 and actual returns for the period 1 June 2023 to 31 March 2024. The Fund has a $1.00 unit price and provides a Set Return (with the future potential for Bonus Returns) paid by Booster, rather than direct exposure to the returns of the Fund's underlying assets. As a result of these matters the risk indicator may provide a less reliable indication of the potential future volatility of the Fund.

As the Fund achieves return history, which will be based on the Set Return and any Bonus Returns, the risk indicator will be updated each quarter to incorporate these actual returns and disclosed in a quarterly fund update. It is expected that a Bonus Return is unlikely to be payable until the Fund grows and achieves a greater level of scale. If and when a Bonus Return becomes payable the impact on returns will be reflected in the assessment of the risk indicator.

The risk indicator does not reflect any risk that may arise from the Manager not meeting its payment obligations under the Swap Agreement. While this risk is considered remote, it does exist. For further information on the Swap Agreement see the PDS section 2– How does this investment work? and Section 8 Other material contracts of this document.

If you would like more information on the above, please contact us.

2.2 Market index

Generally, each asset class held by an investment fund is measured, for performance purposes, against an appropriate market index. The purpose of an appropriate market index is to reflect the performance of the Fund in comparison to that of the overall market for the asset class or asset classes in which the relevant fund is invested. Such market indices are widely recognised in financial markets and are administered independently from us.

The benchmark market index considered appropriate to this Fund is the Bloomberg NZ Bond Bank Bill Index. More information on this index can be found here:
https://data.bloomberglp.com/professional/sites/10/AusBond-Index-Methodoloy-10-09-2018.pdf

2.3 Risks

All investments involve some form of risk.

The general risks of investing in the Fund are noted in the PDS, and these are:

- Set Return risk;
- Bonus Return risk.

Some of the risks affecting the Fund's investment returns, the amount of the Set Return, and the potential for a surplus over the Set Return (which also affects the potential to receive a Bonus Return) are:

- Asset class risk
- Manager risk
- Market risk
- Interest rate risk
- Credit risk

Other specific risks of investing in the Fund are noted in the PDS, and these are:

- Liquidity risk
- Inability to meet obligations under the Swap Agreement risk
- Transactional fraud risk
- Temporary unavailability risk

The following are in addition to the risks above and are common to most managed investment schemes generally.

Tax rate risk

There is a risk that we either over or underpay tax within the Scheme on behalf of you as a result of you providing us with the wrong prescribed investor rate (PIR) or not advising us to change your PIR when it needed to be changed. In the event of an underpayment of tax you will be obliged to pay additional tax (and potentially penalties or interest) to Inland Revenue. If your portfolio investment entity (PIE) income is taxed at a higher PIR and you are eligible for a lower PIR, but have not advised us of this, then any additional tax paid on your behalf may reduce your income tax liability for that income year, and that you 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 at 28% on all taxable income. We have implemented processes to monitor on-going PIE eligibility compliance for the Scheme.

Administrative risk

Administrative risk is the risk of a technological or other failure impacting on the Scheme, Fund or financial markets in which the Fund invests.

Third party risk

Third party risk is the risk that a third party that is involved in the operation of the Scheme or Fund fails to meet their obligations to provide contracted services.

Regulatory risk

Regulatory risk is the risk of future changes to tax, securities legislation or any other applicable legislation which could affect the operation of the Scheme or Fund or customers' interests in the Scheme or Fund, or of the Trust Deed being amended in a manner required or permitted by law that has the effect of reducing customers' interests in the Scheme or Fund.

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

Neither the Supervisor or the Manager accept any responsibility for the taxation consequences of a customer's investment in the Scheme.

The Scheme is registered as a Portfolio Investment Entity (**PIE**) and 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 customers in accordance with the proportion of their interest in the overall Scheme. The income attributed to each customer will be taxed at the customer's 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 Scheme's customers and undertake any adjustments to customers' interests in the Scheme in order to comply with the PIE tax requirements. This tax is likely to affect the returns customers get.

The applicable PIRs for the customers who are able to access this Fund are currently 10.5%, 17.5% or 28%.

In order to qualify for the 10.5% PIR, a customer must be a New Zealand tax resident and, in either of the two income years[1] immediately before the tax year in question, the customer'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.

In order to qualify for the 17.5% PIR, a customer must be a New Zealand tax resident and, in either of the two income years[1] immediately before the tax year in question:

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

When a person makes an application to invest in the Scheme (which includes the Fund) they must advise us of their PIR and their IRD number.

Customers will also be able to advise us of their PIR at any time, including when it changes, by contacting us. If a customer 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 customer 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 customers advise us of a valid IRD number and the correct PIR, customers will not have an obligation to file a tax return in respect of PIE income. Additionally, the income attributed to a customer by the Scheme will not have an impact on family assistance eligibility, student loan repayment obligations and child support obligations.

If a customer's PIE income is taxed at a higher PIR while the customer is eligible for a lower PIR, but has not advised us of this, then any additional tax paid on the customer's behalf may reduce their income tax liability for that income year, and that customer may receive a refund via the Inland Revenue. If a customer has advised us that they are eligible for a lower PIR but this is incorrect and the customer's correct PIR is at a higher rate, the customer 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 customers' PIE tax to the Inland Revenue annually.

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

Inland Revenue is able to change a customer's PIR

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

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

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

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

Any distributions (i.e. Set Return or Bonus Returns) to customers should not be separately taxable, nor should there be a tax liability on the withdrawal of units in the Fund.

The Manager may cancel units and/or deduct cash in customer's accounts as soon as practicable after each 31 March to pay any PIE tax due (less any amounts already retained from monthly distributions in anticipation of the end of year tax liability) and, in any case, within the legislative timeframe of two months.

As the Scheme is registered as a PIE in general, any capital gains made by the Scheme in respect to shares in New Zealand resident companies and certain Australian resident listed companies (if held by the Fund) are excluded from the calculation of taxable income. Any 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 or reduce an individual's holding or delay a withdrawal request at any time to ensure that this PIE status is maintained.

The Foreign Account Tax Compliance Act (**FATCA**)

FATCA is legislation that was introduced by the United States Government as a means of preventing tax evasion by US citizens and tax residents. FATCA has been adopted by the New Zealand Government through an Intergovernmental Agreement with the US Government (the 'IGA') and enabling domestic legislation. Under the IGA, certain New Zealand financial institutions, such as the Scheme, are required to identify customers that are US persons (or certain entities controlled by US persons), and to report certain information about those customers and their financial accounts to Inland Revenue. This information is collated by Inland Revenue and passed to the US Internal Revenue Service. For more information on FATCA, please refer to the Inland Revenue website:

www.ird.govt.nz/international-tax/exchange-of-information/fatca/about-fatca. The Scheme has been registered for FATCA purposes.

Automatic Exchange of Financial Account Information in Tax Matters (**AEOI**) and Common Reporting Standard (**CRS**)

AEOI and CRS imposes global rules for the purpose of avoiding offshore tax evasion through the exchange of financial information between tax authorities in different overseas jurisdictions. Additional information must be obtained from customers to determine whether any customers are non-tax residents of New Zealand (i.e. resident for tax in another country) and for any non-tax residents of New Zealand, report certain information such as tax residency, account balances and interest earned, to the New Zealand Inland Revenue. Accordingly, we may require additional information from customers in order to comply with these obligations. For more information on AEOI and CRS, please refer to the Inland Revenue website: **www.ird.govt.nz/international-tax/exchange-of-information/crs/important-documents**.

General Comments

Tax law is complex and changes frequently. Customers 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.

2.5 Amendment of the Trust Deed

We and the Supervisor may amend the Trust Deed in certain circumstances where we believe this to be necessary or desirable. Any amendment will be carried out in accordance with the Trust Deed and the Act and customers will be notified of such amendments in the Annual Report for the Scheme. For further information, please refer to the Trust Deed.

2.6 Winding up the Fund and the Scheme

The Scheme can be wound up in accordance with the Trust Deed. For further information, refer to the Trust Deed.

If we believe that it is in customer's best interests, we can propose to wind up the Fund at any time by giving notice. If enough customers require, a meeting of customers will be called and customers will vote on the proposal. Upon the winding up of the Fund, the assets of the Fund are realised and, after payment of all liabilities, the proceeds are distributed to the customers that held units in the Fund in proportion to the numbers of units held by them immediately prior to winding up.

3. Guarantees

None of us, the Supervisor, or any other party, guarantees the Scheme's performance, returns or repayment of capital. Whilst there is no guarantee, the Manager agrees to pay the Set Return and any Bonus Return to customers in accordance with the Swap Agreement. Refer to the Product Disclosure Statement and section 8 below for further information on the Swap Agreement.

4. Accidental death cover

Accidental death insurance is provided to all customers of the Fund of $2,000 who meet the eligibility criteria. To qualify, a customer must have made at least one deposit/contribution into their account. If a customer meets this criterion, they are an 'Insured Member'.

How it works

The Supervisor has an insurance policy with Booster Assurance Limited (**BAL**).

If an Insured Member's death is solely as the result of Accidental Death while covered by this policy, and the death was not caused by a Single Catastrophic Event, BAL will pay $2,000 to the Insured Member's estate.

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 $800,000 (**Single Event Limit**). The Scheme's pro-rata share of the Single Event Limit will be paid to the Supervisor to be allocated on a pro-rata basis amongst the estates of all Insured Members who were the subject of a claim due to the Single Catastrophic Event. If any subsequent Single Catastrophic Event occurs in the same financial year (from 1 July in one year to 30 June in the following year), the Single Event Limit is reduced by the claims paid from any prior *Single Catastrophic Event*.

A few more details

We must receive notice of the Insured 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 BAL, a related party of us. We pay the premium for this Policy.

BAL will make an accidental death payment following the acceptance of the claim. Payment may be delayed should the death be the result of a Single Catastrophic Event.

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

If an Insured Member has other Accidental Death cover from BAL with other schemes provided by Booster, the additional cover is limited so the combined cover arising from being a customer of the Scheme and any other cover from BAL is limited to $112,000.

What we mean when we talk about:

Accidental Death

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

BAL

Means Booster Assurance Limited, a subsidiary of Booster Financial Services Limited and a related company to the Manager.

BAL Accidental Death Policies

All BAL accidental death policies in force, including the Booster Savvy Scheme Accidental Death Policy, Booster KiwiSaver Scheme Accidental Death Policy, and the Booster SuperScheme Accidental Death Policy.

Insured Member

A customer who has deposited money into their Fund account.

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.

5. Who is involved with the Scheme?

Manager

The manager of the Scheme is Booster Investment Management Limited (**Manager**) and our address is Level 19, Aon Centre, 1 Willis Street, Wellington 6011. Our ultimate holding company is Booster Financial Services Limited (**BFSL**).

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 such as this Scheme. The conditions of our licence imposed by the Financial Markets Authority are published on **www.fsp-register.companiesoffice.govt.nz** and in the field “search for a financial service provider” enter “FSP28142” or “Booster Investment Management Limited”.

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

For details of our **leadership team** see **www.booster.co.nz**.

For details of the directors and employees who have the most influence on the investment decisions for each fund within the Scheme, see the most recent quarterly fund update for each fund, which can be found at **www.booster.co.nz**.

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

Directors

Allan Yeo, Wellington (Director)
BCA (Hons), BA

Allan 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.

John Selby, Mt Maunganui (Independent Director)
BC CA (Chartered Accountants of Australia and New Zealand), Member NZ Institute of Directors

John is the Chairman of our board of directors and an independent director. He brings a wealth of experience from his 37-year career with PricewaterhouseCoopers, of which 25 years has been as a partner in advisory and assurance. John has experience across a range of industries, including the financial services industry and, in the more recent past, has taken on a number of governance roles in various industries. Remuneration is made up of fees.

Melanie Templeton, Wellington (Independent Director)
Bachelor of Business Information - Marketing and Communications, Member of NZ Institute of Directors

Melanie is an independent director on our board of directors. 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.

Paul Foley, Wellington (Director)
BCA/LLB, Chartered Fellow, Member of NZ Institute of Directors

Paul is a director on our board of directors and the Chairman of the board of directors of our parent company, Booster Financial Services Limited. Paul is a consultant with MinterEllisonRuddWatts following 28 years as a partner of that and another firm. He has over 30 years' experience working with companies in the financial services, manufacturing and energy fields and is a past director and chair of NZX and ASX listed companies. Remuneration is made up of salary.

Richard Kirkland, Wairarapa (Independent Director)
BCom, MBA, CA, CFA, Member of NZ Institute of Directors and Institute of Internal Auditors

Richard is an independent director on our board of directors, and chairman of our Audit, Risk and Compliance Committee. Richard has over 30 years of risk and financial management experience across private and public sectors. He has worked with many market participants and regulators in the financial services sector, has a strong practical knowledge of the New Zealand regulatory regime, and continues to practice as a consultant assisting organisations respond positively to regulatory change. Remuneration is made up of fees.

Supervisor

The supervisor of the Scheme is Public Trust (Supervisor), and is independent of us. Their address is Level 2, Public Trust Building, 22-28 Willeston St, Wellington 6011.

The Supervisor has been granted a licence under section 16(1) of the Financial Markets Supervisors Act 2011 to act as a supervisor in respect of managed funds such as this Scheme for a term expiring on 16 January 2028. A copy of its licence, including the conditions on the licence, can be obtained at the Financial Markets Authority's website, **www.fma.govt.nz**.

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

The Supervisor's Board can be found at, **www.publictrust.co.nz/about-us/meet-public-trust-team/**

Custodian

The custodian of the Scheme is PT (Booster Investments) Nominees Limited (**Custodian**), which has been nominated by the Supervisor to act on its behalf as its nominee. The Custodian is wholly-owned by Public Trust. The Supervisor may change the custodian where it deems it appropriate or desirable to do so.

Under a Custodian Administration Services Agreement entered into between us, the Supervisor, the Custodian and Booster Custodial Administration Services Limited (a related company of the Manager), the Custodian has engaged Booster Custodial Administration Services Limited to provide administration services to it in respect of the investments and other property subject to the Scheme.

Auditor

The auditor of the Scheme is Ernst & Young (**Auditor**). The Auditor is a registered audit firm under the Auditor Regulation Act 2011. The Auditor's licence is not subject to any conditions. The Auditor has no relationship with or interests in the Scheme other than in its capacity as auditor.

Service Provider

Our parent company, Booster Financial Services Limited, provides resourcing, administration and management support to us and the Scheme.

6. Conflicts of Interest

Conflicts of interest in this section are circumstances which could reasonably be expected to materially influence the Manager of the Scheme when making investment decisions, which could impact the interest of the Scheme, the Fund and the customers.

We recognise that conflicts of interest can arise at any time. We also recognise that we are responsible for identifying any potential conflicts and for ensuring that adequate arrangements are in place to ensure that they are managed.

The following are conflicts of interest which may arise that could reasonably be expected to materially influence the investment decisions of the Manager. See also any specific risks noted in the PDS and earlier in this document at sections 2.1, to 2.3.

Description of conflict of interest	Why this may influence investment decisions	How we manage the conflict
We act as manager for a number of other investment funds. We are also part of the wider Booster group of companies, which provide a range of other financial services. Our relationship as manager of our other investment funds and with other members of the Booster group of companies could influence us to invest the assets of the Fund in our other investment funds or those other Booster group companies (or their related operations).	Booster earns fees in relation to the funds that it manages, including fees that are based on funds under management. Booster has an incentive to invest the Fund into other funds that it manages. As a result of this, there is a risk that investment decisions are made for the benefit of the recipient funds that Booster manages, and/or Booster rather than the Fund.	The Scheme's Trust Deed requires any investment arrangements between related parties are identified, and where related party benefits are received from Scheme property, completed at arms-length and on commercial terms. There are controls in place to ensure this requirement is met before the Fund enters into any related party transactions. When the Fund invests into another fund managed by Booster, Booster rebates to the Fund the value of the underlying fund management fees and expenses so there is no additional management fee earned by Booster or cost incurred by the customer.
Under the Swap Agreement (see the PDS and section 8 Other material contracts for more information), Booster provides a Set Return to customers and in exchange Booster receives the income earned from the Fund's investments to pay for fees and other costs, this includes a fee of no more than 0.6% p.a., paid to Booster. If there is any surplus remaining after the deduction of fees and costs, Booster will pay a Bonus Return to distribute the remaining earnings.	Booster sets the Set Return, makes investment decisions for the Fund, and can benefit under the Swap Agreement because Booster's capped fee is based on the total earnings of the Fund, albeit the fee is capped at 0.6%p.a. After the fee is paid up to the capped amount, Booster can also be reimbursed under the Swap for any unrecovered fraud or extraordinary expenses for the Fund carried forward from the previous three quarterly periods before any Bonus Return is paid. There is a risk that investment decisions made by Booster are influenced by the Swap Agreement.	The Fund has a Statement of Investment Policy and Objectives (SIPO) which outlines how the Fund's assets can be invested. Controls are in place to ensure Booster complies with the SIPO. In addition, controls are in place to ensure that related party transactions are identified, and where related party benefits are received from Scheme property, completed at arms-length and are on commercial terms. Booster sets the return based on a variety of factors including the Fund's return objective and expected returns on the Fund's investments.

		The fee is capped at 0.6%, which limits the extent to which Booster can benefit under the Swap Agreement.
Related parties may be in a position to apply influence over Booster for example where there is a commonality of directors across Booster entities and/or contractual commitments with Booster. Individuals may also be influenced to direct the Fund to invest in specific investments or in a certain way, for example due to them holding interests in the Fund or in another investment, or in the Booster Group.	There is a risk that influence is applied to have impact over investment decisions in relation to Fund to achieve objectives that differ from the Fund's objectives.	The Fund has a Statement of Investment Policy and Objectives (SIPO) which outlines how the Fund's assets can be invested. Controls are in place to ensure Booster complies with the SIPO, In addition, controls are in place to ensure that related party transactions are identified, and where related party benefits are received from Scheme property, completed at arms-length and are on commercial terms. Steps are taken to ensure segregation of duties where appropriate, and appropriate governance structures are in place such as the monitoring of fund management activities.
Contractual arrangements are entered into between related parties. See section 7 below, Related party contracts for further information.	There is a risk that arrangements entered as part of investment decisions may favour the related party to the harm of the Fund, or that the related party may not meet its obligations to the harm of the Fund due to the close association of the parties.	Controls are in place to ensure that any arrangements between related parties that are in respect of the Scheme are identified, and where related party benefits are received from Scheme property, completed at arms-length and on commercial terms (as required by the Trust Deed governing the operation of the Scheme), and are subject to a certification process with the Supervisor involving independent directors as appropriate. Steps are taken to ensure segregation of duties where

		appropriate, and appropriate governance structures are in place.

How we manage conflicts

In addition to the above, a Conflicts of Interest policy is in place relating to the management of conflicts of interests in general by Booster . Procedures and processes have been put in place for:

- Identifying conflicts of interest
- Controlling conflicts of interest
- Avoiding conflicts of interest;
- Disclosing conflicts of interest
- Disclosing related party contracts (see section 7. Related party contracts below)

7. Related party contracts

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

The Financial Markets Conduct Act 2013 and the Trust Deed governing the operation of the Scheme include provisions that generally prevent us, as Manager, or Booster Financial Services Limited (BFSL) from entering into arrangements with a related party in relation to the Scheme that involves related party benefits[2], unless certain steps are taken (for example transactions are completed on arm's length / commercial terms) and appropriate certification is provided to the Supervisor involving independent directors as appropriate. In addition, both we and the Supervisor must, at all times, act in the best interests of customers when performing any duties in relation to the Scheme. Controls are in place to ensure that related party transactions are managed appropriately.

The following contractual arrangements for the provision of services by related parties in relation to the Scheme are currently in place:

- PT (Booster Investments) Nominees Limited, 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, (BCAS), which is a related company of ours has entered into a Custodial Administration Services Agreement with the Custodian, the Supervisor and us (as the Manager). This agreement delegates administration services of the Custodian to BCAS, including those relating to the acquisition, registration, and disposal of or other dealing with the assets of the Scheme, and as a result BCAS operates on instruction from the Manager (or Supervisor or Custodian) in regard to these services.

[2]Related Party Benefits as defined in section 172 of the Financial Markets Conduct Act 2013

- BFSL has been engaged to provide access to (including via external parties) card transactional services in respect of the customers in the Fund. In order for BFSL to provide transactional card services to us and the Fund, BFSL has entered into third party arrangements on standard commercial terms with key service providers including Mastercard (card services), Paymark Limited (Eftpos services), Banzpay Technology Limited (registry and payment network) (Banzpay), and Bank of New Zealand (virtual branch services). BFSL owns 100% of Banzpay and Banzpay is therefore a related party. For a further description of the nature of the Banzpay arrangement, see below.

    - **Registry and Payment Network Access Agreement** - Banzpay is a technology infrastructure company based in New Zealand that provides registry and payments products and services to a range of financial institutions in New Zealand and the Pacific Islands. Banzpay, through its core registry system, and through the relationships it has with third party suppliers, provides access to the payments network. This means that Booster Savvy customers can:

        - Transfer money via our app, including transferring directly to a New Zealand bank account and setting up regular automatic payments;
        - Purchase goods and services via the Eftpos network;
        - Purchase goods and services using the Mastercard network – online (for either one-off or regular payments), mobile or wearables via Apple Pay and Google Pay, or by tapping your physical card;
        - Withdraw cash from a New Zealand ATM;
        - Use their card overseas with any merchant or ATM displaying the Mastercard symbol; and
        - Deposit money to their Savvy account from any bank account.

    - Banzpay also provides support services such as after hour customer care services, facilitating a chargeback process (where the validity of a transaction is challenged by a customer), and debit card issuance and replacement as well as an online Personal Identification Number (PIN) management service.

    - Booster or BFSL cover costs charged by Banzpay relating to registry and payment network access for Savvy. Booster may recover payment system expenses charged by Banzpay via the Swap Agreement – refer Section 8 for details of the Swap Agreement.

- Booster Assurance Limited (BAL), which is a related company of ours, has entered into a Group Accidental Death Benefit Policy with the Supervisor, providing accidental death cover to eligible customers. BAL receives an insurance premium from the Manager for this policy. Refer to section 4 Accidental death cover for further information.

All related party benefits received from Scheme property under any of these contracts are on arm's length terms (or less favorable to the related party).

The authorised investments for the Scheme include investing in the assets either directly or indirectly via an underlying fund which may include investing in underlying funds that we also manage.

Further information on the above contracts, as well as those that are referred to elsewhere in this document, is available by contacting us on **0800 336 338** or by email at savvy@booster.co.nz.

While not directly related or a direct cost of the Scheme, we have entered into a services agreement with BFSL whereby BFSL provides services and support for the us, including record keeping, administration, marketing and communications, investment management support, risk and compliance management, information technology, management functions and other resources as required by us. In return, BFSL is paid a fee by us. We are a wholly owned subsidiary of BFSL. BFSL also provides us additional capital and financial support to enable us to meet our financial obligations under the Swap Agreement if required. Refer to section 8 below for more information on the Swap Agreement and how to access a copy of the Swap Agreement.

8. Other material contracts

Other contracts, not otherwise mentioned in this document, include:

Swap Agreement in relation to the Booster Savvy Fund between the Supervisor and Manager. Refer to the Product Disclosure Statement for further information on the Swap Agreement.

- The purpose of the swap agreement is to ensure the Fund always has sufficient income to pay the Set Return, but also to pass on any excess profitability made over the costs and Booster's capped fund management fee.
- Under the Swap Agreement, on a monthly basis:
    - the Manager pays to the Fund the agreed Set Return payable to customers plus any amount required to maintain the unit price at $1:00.
    - And in return, the Fund pays to the Manager the net income (including all investment income) earned by the Fund.
- Under the Swap Agreement, on a quarterly basis:
    - The Manager calculates whether a Bonus Return is payable to customers as follows:
        - The net surplus or deficit from the monthly calculation described above;
        - Plus any surplus of payment system income over recoverable payment system expenses attributed to the Fund;
        - Less any unrecovered fraud costs or extraordinary expenses for the Fund incurred during the period;
        - Less the Manager's fee of up to 0.6% per annum;
        - Less any unrecovered fraud costs or extraordinary expenses for the Fund carried forward from the previous three quarterly periods.
    - If the outcome of the above calculation is that the Manager's fee is zero or less than the full amount no shortfall is carried forward to a subsequent period.
    - If the overall outcome of the calculation above is negative, then no Bonus Return is payable.
    - If the overall outcome of the calculation above is positive, then a Bonus Return is payable equal to that positive amount.
    - In the event past costs are subsequently recovered from the Fund, Booster does not charge any interest or administrative fees in respect of these costs.
    - A copy of the Swap Agreement is also available at **www.disclose-register.companiesoffice.govt.nz**.

Card transactional services – as noted in Section 7 above, BFSL has entered into a number of third party arrangements on standard commercial terms to provide access to card transactional services in respect of customers in the Fund.

Management and Reporting Agreement between the Manager and the Supervisor in respect of the supervision and management of the Scheme. The Management and Reporting Agreement details the duties, responsibilities and reporting requirements and obligations of Booster, as manager, and the Supervisor to facilitate the satisfactory operation of the Scheme, in respect of the supervision, administration and investment management of the Scheme.

Further information on the above contracts, as well as those that are referred to elsewhere in this document, is available by contacting us on **0800 336 338** or by email at **savvy@booster.co.nz**.