

Booster Innovation Fund

of the Booster Innovation Scheme

Other material information

10 November 2021

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1. Introduction

This document has been prepared to provide potential investors with additional information about the Booster Innovation Fund (**Fund**), established under the Booster Innovation Scheme (**Scheme**), to meet the requirements of the relevant legislation and provide any other information we believe may be material to a decision to invest in the Fund. The information provided in this document complements the Product Disclosure Statement (**PDS**) for the Fund so it is important that the PDS and this other material information document are read together.

Additional information regarding the operation of the Fund (and 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", "ourselves" or "Booster" is used, we mean Booster Investment Management Limited, the Manager of the Scheme.

If you have any questions about the Scheme and/or the Fund, we would be pleased to hear from you. You can contact us on **04 894 4300**. You can also discuss your personal situation with your financial adviser.

2. Information about Booster Innovation Scheme

2.1 Investing in the Fund

When an investor chooses to make an investment in the Fund, they do so through the Booster wrap administration system (the **System**).

Investing through the System

To invest in the Fund through the System, an investor must first enter into an agreement (**Agreement**), being either:

- a. A Client Custody Agreement with Booster Custodial Administration Services Limited (this can be done in association with the services of a financial adviser authorised to use the Booster wrap administration system (**System**)); or
- b. An Agreement with a financial adviser licenced to provide a Discretionary Investment Management Service and authorised to use the Booster wrap administration system.

The Agreement enables the investor to invest in the Fund through an account in the System and sets out the terms and conditions upon which access is provided through the System. Under the Agreement all of the investor's investments are held by, and in the name of, a custodian to the System to ensure that beneficial ownership of the investments remain with the investor, not the financial adviser or us. The custodian is Asset Custodian Nominees Limited, a bare trust established solely for this purpose. The custodian of the System can change from time to time without prior notification.

By accessing the Fund via the System, the investor is not subscribing for units in the Fund directly.

Investing Directly

Investors can also choose to invest (subscribe for units) in the Fund via an online application form. By

investing via the online application form you are still investing through the System, but you do not need a financial adviser. To invest into the Fund online go to, www.booster.co.nz/booster-investments.

Applications

We may accept or decline applications at our discretion. No interest will be paid on applications that are declined in whole or in part (except as required by law). We may invite offers for investments in the Fund and any offer may be underwritten. We may set minimum application amounts and balances and may waive or vary the minimum application and balance amounts at any time.

2.2 Taxation

The information in this section is intended as general guidance only and is based on legislation in effect at the date of this document. The information in this section is only relevant to New Zealand resident investors and non-New Zealand resident investors will have other tax considerations that will apply. We recommend that investors seek independent professional tax advice regarding their individual circumstances, to clarify any of the following, prior to investing. Investors should also periodically monitor the tax implications of investing in the Fund and should not assume that the position will remain the same as it was when they started investing.

Neither of the Supervisor or ourselves accepts any responsibility for the taxation consequences of an investor's investment in the Fund.

The Booster Innovation Fund (the **Fund**) is a Portfolio Investment Entity (**PIE**). The following information is based on the Fund being a PIE.

General Comments

Tax law is complex and changes frequently. Investors should periodically monitor the tax implications of investing in the Fund and should not assume that the position will remain the same as it is when they start investing. In addition, if the Fund ceases to qualify as a PIE then the tax consequences will be different from what is set out below. The comments under this section "Taxation" are provided as general background only and are not a comprehensive discussion of tax issues.

a. Portfolio Investment Entity Tax

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

The applicable PIRs are currently 0%, 10.5%, 17.5% or 28%.

The 0% PIR is available to New Zealand resident trusts, charities, other PIEs or other managed investment schemes

In order to qualify for the 10.5% PIR, an investor must be a New Zealand tax resident and, in either of the two income years¹ immediately before the tax year in question, the investor'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, an investor must be a New Zealand tax resident and, in either of the two income years¹ immediately before the tax year in question:

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

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

Investors will also be able to advise us of their PIR at any time, including when it changes, by contacting us. If an investor 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 investor in the Fund 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.

Generally, provided investors advise us of a valid IRD number and the correct PIR, tax paid by a PIE on income attributed to investors will be a final tax. Therefore, in most circumstances, investors will not have an obligation to file a tax return in respect of PIE income. Additionally, the income attributed to an investor by the Fund will not have an impact on family assistance eligibility, student loan repayment obligations and child support obligations.

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

It is intended that the Fund pays investors' PIE tax to Inland Revenue annually.

Inland Revenue is able to change a member's PIR

The Inland Revenue may instruct the Manager to change an investor's PIR rate if:

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

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

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

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

If an investment in a Fund is made by two or more persons jointly, we may, in our complete discretion, either treat those persons as separate investors (in equal shares) or treat those persons as a single investor. Where two or more persons are jointly treated as a single investor, the correct PIR is the highest notified PIR applicable to those persons as notified by the joint investors. All persons making joint applications for units are required to provide their individual PIRs and valid IRD numbers.

A trust investor with a 0%, 10.5% or 17.5% PIR must include the PIE income attributed by the Fund in its own tax return and may claim a credit for any tax already paid by the Fund. If a trust has a 28% PIR, we will pay tax at the 28% rate and that is a final tax; the income does not need to be included in the trust's tax return. Other non-individual investors (e.g. a company, charity or unit trust) with a PIR of 0% must account for tax on the PIE income attributed to them by the Fund in their own tax return.

The Manager may cancel units and/or deduct cash in investors accounts as soon as practicable after each 31 March to pay any PIE tax due and, in any case, within the legislative timeframe of two months.

Tax on investments made by the Fund

As the Fund is registered as a PIE, any capital gains made by the Fund in respect of 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 overseas managed funds held by the Fund will be taxed under the foreign investment fund (**FIF**) regime, generally using the fair dividend rate (**FDR**) method.

Under the FDR method, the Fund 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 Fund (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).

Some of the Fund's investment exposure is obtained indirectly through underlying Funds (such as NZ Innovation Booster LP and Matū Karihi) which are limited partnerships. A limited partnership is not a taxed entity, and as a result, the tax implications of the indirect holdings in the underlying investments is on a 'look through basis' as if the Fund were the direct holder of those investments.

PIE Eligibility

In order to maintain its status as a PIE, the Fund 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.

b. Tax Reporting

Under various agreements and treaties the Fund and/or the Manager may be required to provide information to tax authorities in jurisdictions outside of New Zealand. We may request this information from you in order to discharge those obligations.

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 Trust, are required to identify investors that are US persons (or certain entities controlled by US persons), and to report certain information about those investors 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: <http://www.ird.govt.nz/toii/fatca-index.html>. The Scheme has been registered for FATCA purposes.

Automatic Exchange of Financial Account Information in Tax Matters (AEOI)

AEOI 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 investors to determine whether any investor 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. For more information on AEOI, please refer to the Inland Revenue website: <http://www.ird.govt.nz>.

2.3 Fee assumptions

The fees and expenses for the Fund are set out in section 7 of the PDS – *What are the fees?* The principal assumptions on which any fee estimates are based are detailed below.

Annual Fees and Expenses

Performance based management fee

The Manager does not receive a fixed fee or a percentage-based fee. This aligns the interest of the Manager with the investors where fees are only earned on successful investment outcomes and avoids the negative impact of fixed fees from eroding the value and cash reserves of the Fund over time

The Manager receives a performance-based fee (in units in the Fund) equal to 20% of the net return made by the Fund in excess of 10% p.a. The Manager believes it is not possible to prepare reasonable assumptions on which to base prospective financial information, and as a result, it cannot reasonably estimate future performance-based management fees.

The performance-based fee is calculated and accrued in the unit price on a daily basis.

Capital raising expenses

To the extent expenses are incurred for securing a commitment of future capital to the Fund, such expenses may be charged to the Fund. These expenses include brokerage or underwriting costs, and may only be charged where we are satisfied the costs are fair and reasonable to all investors.

To ensure any new investors that benefit from the additional capital raised contribute to the costs, these costs are expensed by the Fund as the raised capital is deployed through the purchase of investments.

Other fund administration expenses

These expenses disclosed in the PDS include estimates for certain fees, including the Supervisor's fee and other costs, disbursements and expenses charged directly or indirectly to the Fund (such as audit fees and

legal fees), as well as for any underlying funds. The estimate of these expenses is based on estimates provided by the Fund's professional service providers and the Manager's experience with this and related funds. We estimate that these fees will be as set out in the PDS.

The direct expenses of the Fund are capped at \$30,000 per annum. If the direct expenses of the Fund exceed this amount, any excess expenses will be covered by Booster.

There is no specific cap in place on the direct expenses of the underlying funds due to the uncertainty of how the arrangements may be established. The Manager will consider the estimated costs of any new arrangement in conjunction with potential investment returns when assessing the benefit to investors of any prospective arrangements.

Goods and Services Tax

All fees stated in the PDS are exclusive of Goods and Services Tax (**GST**). GST will be added to any fees where applicable.

2.4 Material contracts

The Fund may obtain its investment exposure by investing in early stage businesses directly, or through other underlying funds. Underlying fund structures may be established where the Manager has a close partnering relationship with other specialist entities.

Currently the Fund invests in units in NZ Innovation Booster Limited Partnership (NZIB) which is a partnership between Booster Financial Services Limited and Victoria Link Limited (**Wellington UniVentures**) and Otago Innovation Limited (**OIL**). Wellington UniVentures and OIL are companies established and owned by Victoria University of Wellington and University of Otago respectively to commercialise university originated innovation. The partnership was established to introduce privately sourced funding to support innovation and initially allow Wellington UniVentures to recycle its capital into the emerging pipeline of intellectual property at Victoria University. OIL subsequently joined the partnership in April 2020 for the same purpose in respect of University of Otago intellectual property. The Fund was admitted as a Limited Partner to NZIB on 24 August 2021. NZIB is governed by a limited partnership agreement, the material terms of which are summarised below.

NZ Innovation Booster Limited Partnership (NZIB) Agreement

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| Description | This agreement establishes the limited partnership and defines its purpose, as well as the roles and responsibilities of the relevant parties. |
| Parties | NZ Innovation GP Limited ('NZIGP') (general partner) NZIGP is the general partner of NZIB. It is responsible for the management and control of the business of the partnership and the partnership itself. |
| | Victoria Link Limited ('Wellington UniVentures') (limited partner) Wellington UniVentures is wholly owned by Victoria University of Wellington (VUW), and was established for the purpose of commercialising knowledge and research generated within VUW for the benefit of Wellington, VUW's researchers and students, and VUW. |
| | Otago Innovation Limited ('OIL') (limited partner) OIL is wholly owned by University of Otago, and is responsible for developing and |

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| | commercialising the University's intellectual property. |
| | <p>Asset Custodian Nominees Limited (ACNL) (on behalf of Booster Financial Services Limited ('BFS') and others) (limited partner)</p> <p>ACNL, a wholly owned subsidiary of BFS, is a custodian entity that holds investments on behalf of BFS, which is the parent company of Booster Investment Management Limited – the manager of the Fund, as well as other custodial investors.</p> |
| | <p>PT (Booster Investments) Nominees Limited ('PTBI') (on behalf of the Booster Investment Scheme and the Booster Innovation Scheme) (limited partner)</p> <p>PTBI, a wholly owned subsidiary of Public Trust, is a custodian entity that holds investments on behalf of 2 of Booster's managed investment schemes.</p> |
| | <p>PT (Booster KiwiSaver) Nominees Limited ('PTBK') (on behalf of the Booster KiwiSaver Scheme) (limited partner)</p> <p>PTBK, a wholly owned subsidiary of Public Trust, is a custodian entity that holds investments on behalf of a Booster managed investment scheme.</p> |
| | <p>PT (Booster Superannuation) Nominees Limited ('PTBS') (on behalf of the Booster Superannuation Scheme) (limited partner)</p> <p>PTBS, a wholly owned subsidiary of Public Trust, is a custodian entity that holds investments on behalf of a Booster managed investment scheme.</p> |
| Related Parties | <p>NZIGP is 50% owned by Wellington UniVentures and 50% owned by BFS, though no benefits accrue to NZIGP in respect of its role as general partner.</p> <p>BIML (the Manager of this Scheme) is 100% owned by BFS.</p> |
| Purpose of the Partnership | <p>The partnership was established to assist in commercialising developed intellectual property and supporting the use of that intellectual property to the point that commercial returns are available (either by sale or licensing of the intellectual property, or investment in an entity that owns or licences the intellectual property).</p> <p>When the intellectual property is assessed as being capable of commercialisation, Wellington UniVentures or OIL, in conjunction with the relevant business will seek investment, which will generally include funding from external investors. NZIB will generally be given the opportunity to invest in investments of this kind.</p> <p>The general partner will assess the merits of investing in the opportunities presented to it by Wellington UniVentures or OIL relative to its investment criteria. The general partner has the option, but not the obligation, to invest in opportunities presented to it by Wellington UniVentures or OIL.</p> <p>The investment criteria applied by the general partner when assessing investment opportunities are:</p> <ul style="list-style-type: none"> • The partnership should obtain a diversified portfolio of technologies; • Expected commercial returns should be a realistic probability within a 5-10 year time horizon; • Investments will be screened for ethical and socially responsible criteria. |
| Key Terms of the Partnership Deed | <p>Units</p> <ul style="list-style-type: none"> • The general partner may issue units in the partnership in respect of distinct pools of assets and liabilities held for the benefit of the holder of the relevant units. • This allows partners to hold an interest in different assets and in differing proportions as agreed by the general partner. <p>Distributions</p> |

- Distributions may be paid by the general partner from time to time (in cash or in kind).

Transfer of Partnership Units

- Wellington UniVentures and OIL may transfer an interest in some or all of their units to other parties they nominate (for example to those involved in the development of the intellectual property).
- BFS may transfer an interest in some or all of its units, or a requirement to purchase more units, to any investment fund managed by a party affiliated to BFS or to any director, officer or shareholder of BFS.
- The transfer of units may be expanded to parties such as university alumni and sophisticated investors.

Financial Statements

- The general partner must prepare and have audited financial statements of the LP for each accounting period. The financial statements and relevant tax information must be provided to limited partners within 90 days of the end of each accounting period.
- The general partner is responsible for appointing and removing the auditor.

Meeting of Partners

- The following matters may be approved following an ordinary resolution of the limited partners:
 - Variation or replacement of the partnership agreement;
 - Termination of the partnership;
 - A decision to invest in an asset where its value represents more than half of the value of the partnerships assets;
 - Changes to the general partner or its responsibilities.
- All other matters may be approved following a special resolution of the limited partners.

Committed Capital

- The partnership committed to purchase a number of investments that were specified by Wellington UniVentures as being capable of commercialisation. The transfer of those identified investments has been completed.
- Wellington UniVentures and OIL have the option to present all intellectual property investment opportunities that it considers are capable of commercialisation to the general partner. The terms at which the investment opportunities are presented will be the same as those terms agreed with the other third-party investors.
- On approval of the investment by the general partner, Wellington UniVentures and OIL will transfer their interest in the investment to the LP (in return for units in the partnership), and BFS will purchase half of those new partnership units).
- To the extent that additional funds are required by an investee company, BFS will subscribe for additional units through the LP. Wellington UniVentures and OIL may, at their election, also subscribe for additional units through the LP.
- BFS will provide capital for additional investments as described above, up to a maximum financial outlay of \$2m per year for a minimum of 5 years (after which the commitment may be extended or withdrawn by giving 12 months' notice to Wellington UniVentures and OIL).

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| | General Partner <ul style="list-style-type: none"> The general partner will be owned 50% by Wellington UniVentures and 50% by BFS. Each of Wellington UniVentures and BFS are entitled to appoint 2 directors. OIL has observer status at all Board meetings of the general partner, and no decision will be made in respect of University of Otago sourced investments unless OIL's representative agrees with the proposed action. 2 further non-affiliated directors may be appointed by agreement of Wellington UniVentures and BFS. |
| Remuneration | Fees and Expenses <ul style="list-style-type: none"> Wellington UniVentures will provide secretarial services to the partnership and BFS will provide administration services to the partnership. No fees are payable to either Wellington UniVentures or BFS for their services. The general partner may be reimbursed for any expenses incurred from the assets of the partnership Directors of the general partner (other than those appointed by Wellington UniVentures and BFS) will be paid reasonable director fees, from the assets of the partnership. |

The Manager, NZIB and Matū Karihi (GP) Limited (which is a fund focussed on funding early-stage science, technology and intellectual property based start-ups that are initially developed in New Zealand) have entered into an agreement that enables the pooling of certain specified investments held by the other party.

The nature of the arrangement is governed by an agreement, the material terms of which are summarised below.

Innovation Cooperation Agreement

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| Description | This agreement establishes a beneficial interest in specified assets held by NZIB (through which the Fund holds some of its investments) for the benefit of Matū Karihi (GP) Limited and a beneficial interest in specified assets held by Matū Karihi (GP) Limited for the benefit of NZIB. |
| Parties | NZ Innovation Booster LP ('NZIB') |
| | Matū Karihi (GP) Limited Matū Karihi (GP) Limited is the general partner of, and holds investments on behalf of, the Matū Karihi fund. |
| | Booster Investment Management Limited ('BIML' or 'Manager') |
| Related Parties | NZIGP is 50% owned by Wellington UniVentures and 50% owned by BFS, though no benefits accrue to NZIGP in respect of its role as general partner. BIML (the Manager of this Scheme) is 100% owned by BFS. |
| Purpose of the Agreement | The agreement was formed to transfer economic ownership in specified investments held by Matū Karihi (GP) Limited for the benefit of NZIB, and to transfer economic ownership in specified investments held by NZIB for the benefit of Matū Karihi (GP) Limited. The effect of this agreement is to create additional diversification to the portfolio of |

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| | innovation investments held by each party. |
| Key Terms of the Agreement | <p>Ownership</p> <ul style="list-style-type: none"> • The transferor will retain legal ownership of the specified holdings • The transferor will establish a beneficial interest in the specified holdings and hold that interest on a bare trust arrangement. • The transferor will hold all the benefits arising from the interest in the specified holdings on trust on behalf of the transferee. • The transferor will facilitate the opportunity to take up further securities in the specified investments as if the transferee were the legal owner. • Where legal ownership of the specified investment can be transferred to the transferee without causing negative commercial issues, then the parties will cooperate in good faith to effect that transfer. <p>Tax Obligations</p> <ul style="list-style-type: none"> • Each party will account for the taxation obligations based on their respective economic interest in the specified investments. <p>Governance</p> <ul style="list-style-type: none"> • Representatives of each party will meet regularly to review the performance of the specified investments and discuss other opportunities of mutual benefit. <p>Ongoing management of investments</p> <ul style="list-style-type: none"> • The parties will ensure any information it receives in relation to that investment is promptly passed to the other party, and subject to confidentiality. <p>Other</p> <ul style="list-style-type: none"> • The agreement is non-exclusive nor establishes any future commitments in respect of any other investments. |

There are no other material contracts that have been entered into in respect of the Fund.

2.5 Updating the Product Disclosure Statement (PDS)

The Fund is required to have a registered PDS containing specific information about the offer for potential investors. The content of the PDS and the requirements around updating it are prescribed by legislation.

We are required to update the PDS if:

- The PDS contains a statement that is false or misleading or likely to mislead;
- There is an omission from the PDS that is required by the legislation; or
- A circumstance has arisen since the PDS was lodged that would have been required to be disclosed had it arisen prior to the PDS being lodged

A PDS may be updated by lodging either a full replacement PDS containing the relevant updates, or a supplementary document. A supplementary document contains the details of the relevant updates to the PDS and must be read together with the PDS.

Given the dynamic nature of the Fund and its underlying investments, we believe that multiple circumstances will arise each year requiring disclosure in the PDS. For example, the Fund expects to:

- Receive regular contributions from investors.
- Make regular acquisitions of new investments.
- Receive regular business updates in respect of the underlying investments that may trigger a reassessment of the valuation of those investments.

Due to these anticipated circumstances, we intend to make periodic updates to the PDS by way of supplementary document. Subject to the further comments below, any applications or transfers of units that we have accepted based on the current PDS will not be impacted even though the PDS requires an update.

In relation to the circumstances detailed above that we consider require periodic updates to the PDS, we would generally not regard these activities as 'materially adverse from the point of view of the investor' for reasons including that all known information that we consider material to the unit price of the Fund will be reflected in the unit price prior to the issue or transfer of units.

If a matter arises that necessitates an update to the PDS and the matter is materially adverse from the point of view of the investor (such as a material and detrimental change to the terms and conditions of the offer), we are required to update the PDS before we can accept new applications, or issue or transfer units in the Fund (for current applications). We will provide an updated PDS to investors whose applications have been received but not yet processed to confirm they still wish to proceed following receipt of the updated PDS.

3. Conflicts of interest

Conflicts of interests are circumstances where some or all of the interests of investors for whom we, as Manager of the Scheme, provide financial services, are inconsistent with, or diverge from, some or all of the interests of the Manager or its representatives. This includes actual, apparent and potential conflicts of interest.

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

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

- 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 Booster Funds which could be detrimental to one or other of the Booster Funds;
- Other Booster Funds may buy or sell units on the NZX Main Board at trading prices that may be a premium or discount to the unit price issued by the Manager;
- Valuations or historic performance misrepresented to attract/retain investors;
- Valuations are misrepresented to influence the performance based fees earned by the Manager;
- Staff are inadequately resourced or trained to provide high level of service.

A 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.

As part of the conflict of interest procedures, the Manager, or its staff, will not buy or sell units in circumstances where its directors or senior management is aware of material information that is not known to the market or reflected in the unit price.

Related party transactions

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

The Trust Deed governing the operation of the Scheme includes provisions that generally prevent us, as Manager, 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 of investors 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, 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; and
- Booster Custodial Administration Services Limited, which is a related company of ours, has been engaged by the Custodian and the Supervisor to provide custodial administration services to it in respect of the investments and other property of the Scheme.
- In respect of some of the assets held by the Fund, there is a contractual arrangement in place to govern how those assets are purchased, held and sold. The key contracts in this respect are the limited partnership agreement for the NZ Innovation Booster Limited Partnership, and the agreement with Matū Karihi (GP) Limited, as summarised in Section 2.4 above. These agreements have been entered into on a commercial arm's length basis with any conflicted directorships abstaining from the decision to enter into the agreement.

The authorised investments for the Scheme include investing in the assets relevant to a particular fund, either directly or indirectly via an underlying fund.

4. Scheme related contracts

The following contracts relating to the management of the Scheme are currently in place:

- A 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.
- A Custodial Administration and Services Agreement between the Manager, Supervisor, Custodian and Booster Custodial Administration Services Limited (**BCAS**). The agreement details the delegation of custodial administration services in respect of the investments and other property of the Scheme by the Custodian to BCAS and the duties and responsibilities of the parties to the agreement.

Further information on these contracts, as well as those that are referred to elsewhere in this document, is available by contacting us on **0800 40 40 50**.

See section 3 – “Conflicts of Interest – Related party transactions” for other contracts between related parties.