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Booster KiwiSaver Scheme

Other Material Information

5 August 2019

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1. Introduction

Information included in this document is current as at 5 August 2019.

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

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

- Multi-sector Funds
- Single-sector and Specialty Funds
- Socially Responsible Investment Funds
- Asset Class Funds

Additional information regarding the operation of the Scheme can be found in the Scheme's Trust Deed which can be viewed on the scheme register at **www.disclose-register.companiesoffice.govt.nz.**

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

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

2. Information about the Booster KiwiSaver Scheme

2.1 Member accounts

Each member in the Scheme will have a member's account opened in their name to record:

- Regular contributions made by the member;
- Contributions made by an employer or sponsor on behalf of the member;
- Contributions made by the Crown (includes any Member Tax Credits (also referred to as Government contributions) and/or 'kick-start' contributions (made in respect of those first joining a KiwiSaver scheme before these were discontinued on 21 May 2015 under the 2015 budget);
- Voluntary contributions made by the member;
- Transfers received from other New Zealand superannuation schemes or superannuation schemes outside of New Zealand;

- Any other credits due to the member.

Deductions will be made from each member's account in respect of any withdrawals made, for fees and expenses (other than those that are deducted from the assets of each Fund – see the Fees and Expenses section for details) and for any other debits relevant to the member.

Investment returns (whether gains or losses) will be reflected regularly in the member's account by changes in unit prices (see below).

Member's account expressed as units

Each of the Scheme's Funds is divided into units. Each unit confers an equal interest in the relevant Fund, although members do not acquire any direct right or interest in any of the investments held by a Fund.

Contributions and other credits to the Scheme are used to purchase units in the Fund(s) selected by the member. Similarly, withdrawal payments and other deductions from the member's account are made by selling units.

The value of each member's account from time to time will depend on the value of the Fund(s) that the member has selected for their investments and the number and unit price of units held in any Fund.

2.2 Calculation of Fund value and unit value

A Fund's value (known as the 'net asset value') is calculated by deducting from the aggregate of:

- the cash forming part of the assets of the Fund; and
- the market value (calculated by reference to market transactions, valuations or our determination) of all of the Investments held by the Fund;

the aggregate of:

- the liabilities of the Fund; and
- all unpaid costs, fees, charges and other material outgoings of the Fund (including the Supervisor's and our fee, and expenses) accrued to that date.

The unit value (unit price) for any Fund is calculated for each working day by dividing the net asset value by the number of units on issue at the relevant time in that Fund.

Income received by a Fund is not distributed to members. Rather, this income is accumulated within that Fund and will be reflected by an increase in the unit price for that Fund.

2.3 Government Contributions

To assist eligible members with their savings, the Government will contribute a Government contribution (also known as a Member Tax Credit) of $0.50 to the member's account for every dollar the member contributes to the Scheme, up to a maximum credit of $521.43 in a year. The year, for this purpose, runs from 1 July to 30 June.

A member is eligible to receive a Government contribution if:

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

Where the member is not a KiwiSaver member for the full year to 30 June (or is otherwise eligible for a Government contribution for only part of a year) the maximum contribution received for the year is a pro-rata amount, depending on the number of days of eligible membership during the year. For example, if membership and contributions commenced on 1 May 2016, membership for the year to 30 June 2016 is a total of 61 days. The maximum Government contribution for the year will be 61/365 x $521.43 = $87.14.

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

2.4 Market indices

Each asset class in which any of the Scheme's investments are held is measured, for performance purposes, against an appropriate benchmark index.

The purpose of a benchmark index is to reflect the performance of a particular Fund in comparison to that of the overall market for the asset class or asset classes in which that Fund is invested.

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

Benchmark indices used in relation to the assets of the Scheme are widely recognised in financial markets and are administered independently from us. The indices that are currently used for each of the asset classes are included in the Scheme's Statement of Investment Policies and Objectives (**SIPO**). This can be found on the scheme register on the Disclose website, **www.disclose-register.companiesoffice.govt.nz.**

2.5 Fees and expenses

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

There is no limit on the amount of the fees that can be charged. We must, however, meet any requirements under the KiwiSaver Act 2006 (**KiwiSaver Act**), which includes that the Financial

Markets Authority must be satisfied that any fee charged is reasonable, and, in respect of the Default Saver Fund, we must also comply with the conditions of the Instrument of Appointment. Under the Instrument of Appointment, the Manager must ensure that any fees, costs, or other similar amounts indirectly charged to persons who become default members of the Scheme under Inland Revenue's default allocation process, and who do not choose an investment option, are no more charged than would usually be charged in accordance with good industry practice.

Manager

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

- **Annual fund charges**

  Annual management fee

  This fee varies between Funds and is a percentage of the net asset value of the Fund concerned (see "Calculation of Fund value and unit value" to see how net asset value is determined). This fee is calculated daily and deducted monthly from the relevant Fund. As a result, the unit price for the Fund and members' returns are reduced by the amount of the fee payable by the member. The percentage for each Fund is set out below.

Fund	Fee
Multi-sector Funds	
Capital Guaranteed Fund	0.90% p.a.
Default Saver Fund	0.38% p.a.
Moderate Fund	1.07% p.a.
Asset Class Conservative Fund	1.15% p.a.
Balanced Fund	1.17% p.a.
Socially Responsible Investment Balanced Fund	1.17% p.a.
Asset Class Balanced Fund	1.22% p.a.
Balanced Growth Fund	1.22% p.a.
Asset Class Growth Fund	1.29% p.a.
Socially Responsible Investment Growth Fund	1.17% p.a.
High Growth Fund	1.27% p.a.
Single-sector and Specialty Funds	
Enhanced Income Fund	0.82% p.a.
Trans-Tasman Share Fund	1.17% p.a.
International Share Fund	1.32% p.a.

Fund	Fee
Shielded Growth Fund	1.27% p.a.
Geared Growth Fund	1.27% p.a.

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

Foreign exchange facilitation fee

A foreign exchange facilitation fee may be charged directly or indirectly to Funds which invest in underlying funds that we also manage. This fee is up to 0.50% of any net foreign exchange transactions undertaken by the Fund or underlying fund. It is deducted from the relevant fund or underlying fund and paid to Booster Custodial Administration Services Limited.

The fee, if it applies, is reflected in the unit price of the relevant Fund. Any Fund that may be affected is identified in the PDS relating to that Fund, and an estimate for this fee is included. This fee does not apply to the Default Saver Fund, Enhanced Income Fund, and Asset Class Conservative, Asset Class Balanced, and Asset Class Growth Funds.

Gearing fee (applies only to the Geared Growth Fund)

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

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

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

Performance fees (applies only to the Moderate, Balanced, Balanced Growth, High Growth, Shielded Growth and Geared Growth Funds)

Performance fees may be charged indirectly to these Funds which invest in Booster Tahi LP, a limited partnership with Booster Tahi GP Limited as general partner, and Booster Funds Management Limited as manager (both of which are related parties of Booster). Booster Tahi LP pays performance fees to Booster Funds Management Limited. If performance fees are charged, each Fund investing in Booster Tahi LP will bear a proportionate share of any performance fee charged, which will be reflected in the unit price of these Funds. For more information on these performance fees see the Booster KiwiSaver Scheme Multi-sector Fund options and Single-sector and Specialty Fund options Product Disclosure Statements available at **www.booster.co.nz** or on the offer register at

www.disclose-register.companiesoffice.govt.nz.

- **Other charges**

  Member fee

  The standard member fee is $3.00 per month. A single member fee is charged, irrespective of the number of different Funds the member holds units in. If you are paying the standard member fee, the fee will not be charged unless the balance of your member account is greater than $500.

  If a member has all their money fully invested in the Default Saver Fund, since they joined the Scheme, they will pay no member fee unless the balance of their member account is greater than $10,001, where a fee of $2.50 per month will apply.

  This means that a member will pay the standard member fee if they:

  - invest all of their money in a Fund other than the Default Saver Fund;
  - invest some of their money in another Fund as well as the Default Saver Fund;
  - invest their money in a Fund(s) other than the Default Saver Fund and later switch their money into the Default Saver Fund; or
  - re-join the Scheme and they previously invested their money in a Fund(s) other than the Default Saver Fund.

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

  We do not apply any other fees on a regular basis. See also under "Trading Expenses" below.

- **Individual action fees**

  Account closure fee

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

  No account closure fee is charged if a member has all their money fully invested in the Default Saver Fund since they first joined the Scheme.

  This means that a member will pay the $30 fee if they:

  - invest all of their money in a Fund other than the Default Saver Fund;
  - invest some of their money in another Fund as well as the Default Saver Fund;
  - invest their money in a Fund(s) other than the Default Saver Fund and later switch their money into the Default Saver Fund; or
  - re-join the Scheme and they previously invested their money in a Fund(s) other than the Default Saver Fund.

Switching fee

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

We are entitled to charge, in addition to the above, any GST or similar tax or duty payable in respect of such fees.

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

In addition, we reserve the right to make fee rebates to members where considered appropriate. Any rebates will be credited to the relevant member's member account.

We may use related parties to provide services in respect of the Scheme. These arrangements will be on reasonable arm's length terms.

Supervisor

The Supervisor is entitled to an annual fee for performing its services under the Trust Deed. The Supervisor's fee is 0.0275% p.a. of the net asset value of each Fund. This fee is included in the annual management fee (referred to above).

Changes to fees

We can reduce our fees at any time.

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

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

Reimbursement of expenses

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

In addition, except in relation to the Default Saver Fund, we and/or the Supervisor are entitled to be reimbursed out of the Scheme for all non-regular and extraordinary costs, expenses and liabilities incurred in acting as the manager or supervisor of the Scheme not otherwise met out of the annual management fee.

Neither we nor the Supervisor are entitled to be reimbursed out of the Default Saver Fund for non-regular and extraordinary costs, expenses and liabilities incurred in acting as the manager or supervisor of the Scheme that are not otherwise met out of the annual management fee. The Supervisor, however, is entitled to be reimbursed by us for any such expenses.

Trading expenses (Transaction costs)

Transaction costs associated with buying and selling securities, for example buy/sell spreads and brokerage costs, are incurred by the Funds and reflected in the unit price for the Fund.

All fees are stated as Goods and Services Tax (**GST**) exclusive. Under current law, some fees are wholly or partially exempt from GST. If GST should be or become payable on any of the fees, then this will be added to the fees stated.

2.6 Suspension

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

The period of suspension can be up to 90 days. This can be extended by agreement between us and the Supervisor.

Units in respect of contributions and transfers received during a period of suspension will be allocated at the unit price calculated at the end of the suspension period. Similarly, payments in respect of any withdrawals, including transfers out, will be made at the unit price calculated at the end of the suspension period.

2.7 Amendment of the Trust Deed

We and the Supervisor may amend the Trust Deed. However, no amendment may vary the main purpose of the Trust Deed or a Participation Agreement, namely to provide retirement benefits directly or indirectly to members, or contravene any provisions of the KiwiSaver Act, the Instrument of Appointment and/or any other relevant legislation.

Any amendment will be carried out in accordance with the Trust Deed and investors will be notified of any material amendments in the Annual Report for the Scheme. For further information, please refer to the Trust Deed.

2.8 Winding up a Fund and the Scheme

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

We can wind up any Fund, other than the Default Saver Fund, at any time by giving notice to the Supervisor. On the wind up, members will be given the opportunity of switching to an alternative Fund. Any member who does not advise us that they have chosen an alternative Fund, may be switched to a particular Fund (a Default Fund) specified by us (and as agreed with the Supervisor).

2.9 Risks

All investments involve some form of risk.

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

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

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

Although there are a number of global and domestic factors that may affect a member's investment, the following is a description of other risks which may be material to an investor that apply to the Scheme (and which are common to most superannuation schemes generally). While the following is not meant to be a complete list of risks that may impact on an investment in the Scheme, it does cover those more likely to arise.

Investment risk generally

Investment risk is the risk of negative movements in the value of the Scheme's investments (either generally or in respect of Fund in which a member invests). The investment risk associated with each Fund depends upon the Fund's mix of investment assets. Generally, investments that offer the highest potential returns also have the highest risk. Funds that have higher exposure to shares will generally suffer bigger and more frequent investment losses and gains over the long-term than funds that carry a high weighting of fixed interest assets. members should choose the investment that best matches their needs and attitude towards risk. Investors should note that while we take steps to help manage investment risk, no risk management process will eliminate investment risk.

Company risk

Company risk is the risk attached to the holding of shares in a specific company by a Fund that may have a range of specific company risks which could, in the worst case, lead to the company going bankrupt and the value of the company's shares declining to zero. In other cases, these company risks may mean that the selected shares could perform worse than the wider market.

Segregation risk

Is the risk that investors in any Fund within the Scheme will be exposed to the credit or liability risk assumed by all other Funds within the Scheme. We and the Supervisor manage this risk by treating the assets of each Fund within the Scheme as separate and independent from the assets of every other Fund within the Scheme, with separate property and liabilities. However, if the assets of one Fund within the Scheme are insufficient to meet the liabilities attributable to that Fund, those liabilities (other than any liabilities to an investor) will be met from the assets of the other Funds in the Scheme. Such allocation to meet the liabilities will be in such equitable manner as we, with the approval of the Supervisor sees fit.

Tracking error risk

Is the risk that the performance of the underlying investments diverges from that of their benchmark index. Tracking error may occur because of differences between the securities held in the Fund and those included in the index, pricing differences, transaction costs, the Fund's holding of cash, differences in timing of the accrual of dividends, changes to the benchmark index, or the need to meet various new or existing regulatory requirements. We will only select underlying securities with low historical tracking error and continuously monitor for any significant divergence.

Concentration risk

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

Settlement risk

Is the risk that 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.

Inflation risk

Inflation risk is the risk that the value of assets will be eroded over the period for which the investment is held, through inflation, which may shrink the purchasing power of the capital value of assets held.

Tax rate risk

There is a tax risk of us either over or underpaying tax within the Scheme on behalf of a member as a result of the member providing us with the wrong prescribed investor rate (**PIR**), not advising us to change the PIR when it needed to be changed, or not providing a valid IRD number. In the event of an underpayment of tax a member will be obliged to pay additional tax (and potentially penalties or interest) to Inland Revenue. If a member's PIE income is taxed at a higher PIR and they are eligible for a lower PIR, but have not advised us of this, the member will not be able to receive a refund of the overpayment of tax.

Loss of PIE status

As the Scheme is a PIE, there is a risk that the Scheme will lose PIE status if it fails to satisfy the PIE eligibility criteria (as defined in the Income Tax Act 2007) and that failure is not remedied within the period permitted under the Income Tax Act 2007. In this situation, the Scheme would be taxed as a widely held superannuation scheme at 28% on all taxable income. We have implemented processes to monitor on-going PIE eligibility compliance for the Scheme.

UK tax risk

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

Administrative risk

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

Third party risk

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

Regulatory risk

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

Other specific risks

The following provides additional information to the Specific Risks of the Funds that have been referred to in the Product Disclosure Statements.

Capital Guaranteed Fund risk

The following risks apply to the Capital Guaranteed Fund:

- the risk that the resources of the Manager will not be sufficient to fulfil the guarantee obligation provided by the Manager in respect of the Capital Guaranteed Fund at any time;
- the risk that a member will exit the Capital Guaranteed Fund before 31 March and will therefore not obtain the benefit of the guarantee in that transfer; and
- the risk that the Manager does not otherwise perform its obligations under the guarantee or is delayed in doing so.

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

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

Geared Growth Fund risk

The Geared Growth Fund is designed to enable long-term savers to gain the benefits of a leveraged (or geared) exposure to a portfolio of growth assets (e.g. shares) through borrowing. Gearing simply means borrowing money to invest.

The Geared Growth Fund provides you with the potential for increased capital gains over the long-term, by increasing the effective size of your invested funds through the purchase of additional investments with borrowed funds. As long as the net gains from your investments over the long-term outweigh the costs of borrowing, gearing will magnify those gains. Gearing is considered to be an effective long-term strategy because research has shown that over the long-term, growth-oriented investments can deliver the higher potential returns required to cover the borrowing costs.

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

- if the income from investments does not change, but interest rates on borrowed funds increase, then the Fund will incur additional costs that will need to be covered. This may affect the benefits of gearing and the Manager will take this into account when setting the gearing ratio. As a guide, the Manager will aim to limit the amount of borrowing such that total net borrowing costs do not exceed total net income earnings;
- a gearing strategy must invest a high proportion of an investment portfolio into growth assets such as property and shares to prove successful. These investments will be volatile over short-term periods and this volatility is magnified through gearing; and
- although there are long-term wealth accumulation benefits to be gained from gearing, these benefits are achieved at the expense of higher variability of returns from year to year. It is important to note that although gearing has the potential to increase capital gains in a rising market, it can also compound a capital loss in a falling market.

  The following table provides an example:

	Geared Growth Fund	**High Growth Fund**
Investor balance	$5,000	$5,000
Gearing ratio	50%	0%
Amount borrowed (for example)	$2,500	$0
Total investments held by the Fund	$7,500	$5,000
Market rises 10%	**Geared Growth Fund**	**High Growth Fund**
Value of investments held by the Fund	$8,250	$5,500
Loan outstanding	$2,500	$0
Investor's balance	$5,570*	$5,500

Gain in investor's balance	15%	10%
Market falls 10%	**Geared Growth Fund**	**High Growth Fund**
Value of investments held by the Fund	$6,750	$4,500
Loan outstanding	$2,500	$0
Investor's balance	$4,250*	$4,500
Loss in investor's balance	(15%)	(10%)

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

2.10 Risk Indicators

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

Some of the Funds will not have been offered for a full period of five years, so five years of returns data will not be available. There will be a note in the PDS or on the fund update for some Funds which tell you that a market index return has been used for the initial months of the five-year period so as to give you an indication of what the risk indicator is likely to have been.

There will be times where, for certain Funds, a market index return is not going to give you the most likely outcome. In these cases, we have used an alternative methodology to give you the best indication that we can. Risk indicators for the following Funds are currently based on the alternative methodology:

- Trans-Tasman Share Fund
- Socially Responsible Investment Balanced Fund

If you would like more information on the risk indicators for these Funds and of the methodologies used, please contact us on **0800 336 338**.

2.11 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. We recommend that members seek 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 Scheme and should not assume that the position will remain the same as it is when they start investing.

Neither of the Supervisor or ourselves accepts any responsibility for the taxation consequences of a member's investment in the Scheme.

The Scheme is registered as a Portfolio Investment Entity ('PIE'). The following comments are based on the Scheme remaining a PIE.

Portfolio Investment Entity Tax

Under the PIE regime, taxable income earned by the Scheme will be attributed to all members in accordance with the proportion of their interest in the overall Scheme. The income attributed to each member will be taxed at the member's Prescribed Investor Rate ('PIR'). A PIR is similar to an individual's marginal tax rate, but it is capped at 28%. We will pay tax on behalf of the members and undertake any adjustments to members' interests in the Scheme in order to comply with the PIE tax requirements. This tax is likely to affect the returns members get.

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

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

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

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

- the member's taxable income was $48,000 or less; and
- the member's combined taxable income and attributed PIE income after subtracting any attributable PIE loss was $70,000 or less; and
- the 10.5% rate does not apply for the current income year.

If the member does not qualify for the 10.5% or 17.5% PIRs, the member's PIR will be 28%. A non-resident member's PIR will be 28%.

When a person makes an application to become a member of the Scheme they must advise us of their PIR and their IRD number. Members will also be able to advise us of their PIR at any time, including when it changes, by contacting us. If a member does not provide a PIR, and their valid IRD number, the income attributed to the member in the Scheme will be taxed at 28%. Further information regarding PIRs may be viewed at Inland Revenue's website (www.ird.govt.nz/toii/pir/workout/).

If the Scheme makes a loss or there are excess tax credits for a period (i.e. a **Tax Benefit**), the Scheme should receive a tax credit from Inland Revenue and will be able to issue additional units in Funds to members' accounts on account of that tax benefit.

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

If a member's PIE income is taxed at a higher PIR while the member is eligible for a lower PIR, but has not advised us of this, the member will not be able to receive a refund of the overpayment of tax. If a

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

member has advised us that they are eligible for a lower PIR but this is incorrect and the member's correct PIR is at a higher rate, the member may be liable to Inland Revenue for further tax and penalties and have to file a tax return. It is intended that the Scheme pays members' PIE tax to Inland Revenue annually.

We will cancel units in members' accounts as soon as practicable after each 31 March to pay any PIE tax and, in any case, within the legislative timeframe of two months.

Members should note that Inland Revenue is able to require us to disregard a PIR notified by the member if the Commissioner considers the rate to be incorrect. In such circumstances, the Commissioner will advise us of the PIR that should be applied to the member's PIE income.

As the Scheme is registered as a PIE, any capital gains made by the Scheme in respect to shares in New Zealand resident companies and certain Australian resident listed companies are excluded from the calculation of taxable income. Most overseas shares and interests in managed funds held by the Scheme will be taxed under the foreign investment fund (**FIF**) regime, generally using the fair dividend rate (**FDR**) method.

Under the FDR method, the Scheme will be deemed to have derived income equal to 5% of the market value of its overseas shares and interests in managed funds calculated on a daily basis (any dividends or other returns flowing from overseas shares and interests in managed funds will not be separately taxed in New Zealand). Also under the FDR method, tax deductions may not be made for any losses in respect of holdings in overseas shares and interests in managed funds.

Other income of the Scheme (e.g. interest on bank deposits) is subject to the relevant normal tax rules. Tax may be imposed in overseas jurisdictions in relation to overseas investments (although this may give rise to a tax credit in New Zealand).

In order to maintain its status as a PIE, the Scheme must meet certain requirements. This means that, where necessary, we may restrict an individual's holding at any time to ensure that this PIE status is maintained.

Contributing to the Scheme – Employer Superannuation Contribution Tax (ESCT)

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

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

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

General Comments

Tax law is complex and changes frequently. Members should periodically monitor the tax implications of investing in the Scheme and should not assume that the position will remain the same as it is when they start investing. The comments under this section "Tax" are provided as general background only and are not a comprehensive discussion of tax issues.

3. Socially Responsible Investment

Booster's Socially Responsible Investment Policy

Booster offers two explicit Socially Responsible Investment (**SRI**) Fund options to members, both of which follow Environmental, Social and Governance (**ESG**) principles, but which initially exclude all investments that are inconsistent with certain values-based criteria.

Specifically, investments in directly held companies and managed fund investments with more than an incidental proportion of revenue generated from the following activities are excluded:

- Alcohol Production
- Gambling Operations
- Tobacco Production, Distribution, Supply and Retailing
- Military Weapons Manufacturing
- Civilian Firearms Production, Distribution, Supply and Retailing
- Nuclear Power Production and Uranium Mining
- Fossil Fuels Exploration, Extraction, Refinement, Distribution, Supply and Retailing
- Adult Entertainment Content Production
- Genetically Modified Organisms (GMO), excluding Research and Development.

For all of the other Fund options, Booster continues to support the global trend towards incorporating broader ESG considerations into all investment analysis and decision-making. In this regard, we are guided by the Principles for Responsible Investment as developed by institutional investors and convened by the United Nations.

In addition, for all other funds, Booster excludes directly investing in any companies involved in the following activities:

- Controversial Weapons Production, Manufacturing, Distribution and Supply
- Nuclear Weapons Manufacturing, including Components Manufactured Exclusively for Use
- Nuclear Weapons Auxiliary Services
- Tobacco

Except for the Asset Class Funds, it is also Booster's policy to exclude investments in unlisted managed funds and listed Exchange Traded Funds (ETFs) which may have an incidental exposure to companies involved in the above activities. However, from time to time, in gaining desirable exposure to some broader global investment themes via either managed funds or ETFs, some incidental exposure to these companies may be unavoidable.

More information about our approach to responsible investing is set out in our Responsible Investment Policy Statement available on the offer register at **www.disclose-register.companiesoffice.govt.nz.**

Responsible Investment Certification

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

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

- Socially Responsible Investment Balanced Fund
- Socially Responsible Investment Growth Fund

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

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

4. Capital Guaranteed Fund – Guarantee

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

Capital Guaranteed Fund

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

- the Unit Value of the Capital Guaranteed Fund on 31 March will not be less than the Unit Value of the Capital Guaranteed Fund on 31 March in the preceding year;
- where the Capital Guaranteed Fund is terminated, the Unit Value of the Capital Guaranteed Fund on the date the Capital Guaranteed Fund is terminated will not be less than the Unit Value of the Capital Guaranteed Fund on the immediately preceding 31 March,

in each case calculated in accordance with the Trust Deed.

If a member invests in the Capital Guaranteed Fund on or after 1 April at a Unit Value greater than the Unit Value of the Capital Guaranteed Fund on the preceding 31 March, the additional amount of the increase in the Unit Value since 31 March is not protected by the guarantee.

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

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

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

The following limitations apply to the guarantee:

- the guarantee is in favour of the Supervisor and for the benefit of members holding units in the Capital Guaranteed Fund;
- the guarantee is not enforceable by members directly against us;
- Members may suffer a loss of capital if they withdraw from the Capital Guaranteed Fund or switch to another Fund or transfer to another KiwiSaver scheme before 31 March and therefore before we transfer assets into the Scheme as required by the guarantee; and

- Members may suffer a loss of capital if they withdraw from the Capital Guaranteed Fund or switch to another Fund or transfer to another KiwiSaver scheme after 31 March notwithstanding that we have transferred assets into the Scheme as required by the guarantee. This could be caused by a further deterioration in the value of the assets of the Capital Guaranteed Fund following 31 March.

We reserve the right to:

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

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

Members entitled to receive benefits from the Scheme, or wishing to switch to another Fund, may withdraw or switch from the Capital Guaranteed Fund on 31 March in each year by advising us on or before 5.00 p.m. on 31 March that they wish to withdraw or switch on that date. By withdrawing or switching on 31 March, members ensure that the Unit Value they receive will be not less than the Unit Value on 31 March in the preceding year. If a member withdraws or switches from the Capital Guaranteed Fund on a date other than 31 March in any year, the member cannot be sure that the Unit Value they receive will not be less than the Unit Value on 31 March in the preceding year.

Transfers to another KiwiSaver scheme

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

5. Geared Growth Fund

The following information, in addition to that included in the Product Disclosure Statement for the Fund, may assist investors considering an investment in this fund.

The Geared Growth Fund will raise money by borrowing at competitive rates. The fund can borrow from either international and/or domestic financial institutions or funds (including from related parties of either ourselves or the Supervisor, provided such transactions are effected on reasonable arm's length terms). The Supervisor has entered into a loan agreement (and related security agreement) under which the supervisor for the Booster Investment Series (who is also Public Trust, the Supervisor for the Scheme) will lend money from either the Wholesale NZ Fixed Interest Portfolio or the Income Securities Portfolio for the use of the Geared Growth Fund with all such borrowings being ranked equally in priority amongst themselves.

Interest rates on amounts borrowed are reviewed periodically. The interest rate on borrowings is set at OCR plus 2.5%. Up to date information on interest rates is available by contacting us on **0800 336 338**.

The Wholesale NZ Fixed Interest Portfolio and the Income Securities Portfolio is established under the Booster Investment Scheme, which is also managed by us. Further information in respect the Booster Investment Scheme is available on the offer register at **www.disclose-register.companiesoffice.govt.nz** or can be obtained by contacting your financial adviser or us.

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

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

6. Accidental Death Cover

The Scheme offers a free accidental death cover. To qualify, a member must be under the age of eligibility for New Zealand Superannuation (currently 65) and be subject to the standard member fee (even if it's waived due to their account balance). If a member meets these criteria, they are an 'insured member'.

How it works

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

- if the insured member was 18 years or over and was a *Contributing Member* for the 12-month period prior to their death (Prior Year), the amount payable will be between $10,000 and $50,000; or
- if the insured member was either under 18 years or was not a *Contributing Member*, the amount payable will be $2,000.

Payments between $10,000 and $50,000

The payment amount depends on the number of consecutive Prior Years that the member was a *Contributing Member* and the value of the member's account, as follows:

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

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

Single Catastrophic Event

If a *Single Catastrophic Event* occurs, the total of all resulting benefits payable under the *Policy* is limited to $500,000 (**Maximum Claim**). The Maximum Claim will be paid to the Supervisor to be allocated on a pro-rata basis amongst the estates of all members who were the subject of a claim due to the *Single Catastrophic Event*. No amount will be payable under the *Policy* for any subsequent *Single Catastrophic Event* that occurs in the same financial year (from 1 July in one year to 30 June in the following year).

A few more details

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

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

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

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

What we mean when we talk about:

Accidental death

Death caused solely and directly by violent, accidental, external and visible means within 12 months of the accident. It excludes death caused by or resulting from intentional self-injury or suicide, whether the person is sane or insane; or from any illegal or criminal act committed by an insured member; or any illness, disease or as a result of, or following, any medical procedure or medical misadventure.

Contributing Member

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

Policy

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

Single Catastrophic Event

Any event or series of related events, as determined by Booster Assurance Limited, that causes the accidental death of multiple insured members.

7. Who is involved with the Scheme

Manager

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

We have been granted a licence under Part 6 of the Financial Markets Conduct Act 2013 to act as a manager in respect of managed funds, including KiwiSaver schemes. The conditions of our licence imposed by the Financial Markets Authority are published on **www.companiesoffice.govt.nz/fsp**.

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

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

John Ross Selby, *Mt Maunganui (Independent Director).*
BC CA (NZ Institute of Chartered Accountants), Member NZ Institute of Directors

Mr Selby is the Chairman of the board of directors of the Manager 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.

Brendon Hugh Doyle, *Wellington (Director)*
BBS, COP Management Accounting and Auditing

Mr Doyle is a director on the board of directors of the Manager. He brings 30 years of financial markets experience, working in both the private and government sectors. Brendon has held senior roles with New Zealand Treasury, Westpac Banking Corporation and the Rural Bank.

Remuneration is made up of fees and shares.

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

Bruce Edgar is a director on the board of directors of the Manager and has recently joined Booster as a relationship manager in respect of Booster's wholesale offering. He has 30 years' direct experience across a range of roles in the funds management industry with companies including Southpac Investment Management Limited/National Bank of New Zealand Limited, Trustees Executors Limited, BNZ Investment Management Limited, State Street Global Advisors and BlackRock Investment Management (Australia) Limited.

Remuneration is made up of salary, shares and fees.

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

Mr Foley is a director on the board of directors of the Manager and the Chairman of the board of directors of the Manager's 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 fees and shares.

***Allan Seng Tong Yeo**, Brisbane, Australia (Director).*
BCA (Hons), BA

Mr Yeo is a director on the board of directors of the Manager and the Managing Director of the Manager's 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, until recently, was the Managing Director of Tranzact Financial Services Pty Limited.

Remuneration is made up of the following components:

- salary and fees;
- cash-based short-term incentive, subject to achievement of specific performance objectives; and
- share-based long-term incentive, subject to achievement of specific performance objectives.

***David Ian Beattie** (Principal).*
BMS

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

Remuneration is made up of salary and an annual cash and share-based incentive, which is subject to achievement of specific performance objectives.

***Alison Louise Payne** (Chief Operating Officer).*

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

Remuneration is made up of salary and an annual cash and share-based incentive, which is subject to achievement of specific performance objectives.

Supervisor

The supervisor of the Scheme is Public Trust (**Supervisor**), and Public Trust is independent of us. Their address is Ground Floor, NZ Rugby House, 100 Molesworth Street, Wellington 6140.

The Supervisor has been granted a licence under section 16(1) of the Financial Markets Supervisors Act 2011 to act as a supervisor in respect of managed funds such as this Scheme for a term expiring 16 January 2023. A copy of its licence, including the conditions on the licence, can be obtained at the Financial Markets Authority's website: **www.fma.govt.nz.**

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

Custodian

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

Under a Custodian Administration Services Agreement entered into between the Manager, 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 Grant Thornton New Zealand Audit Partnership (**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.

8. 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:

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

Comprehensive policy has been developed relating to the management of conflicts of interest. Procedures and processes have been put in place for:

- Identifying conflicts of interest;
- Controlling conflicts of interest;
- Avoiding conflicts of interest; and
- Disclosing conflicts of interest.

Related party transactions

Conflicts of interest may arise with regard to services that are, or that may be, provided by related parties of ourselves 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 members when performing any duties in relation to the Scheme.

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

- the Custodian, which is a related company of the Supervisor, has been appointed by the Supervisor to act as custodian and to hold the investments of the Scheme;
- Booster Custodial Administration Services Limited, which is a related company of ours, has been engaged by the Custodian and the Supervisor to provide administration services to it in respect of the investments and other property of the Scheme;
- Public Trust which is the Supervisor of the Booster Investment Scheme Income Securities Portfolio has provided the Supervisor a loan facility of up to $10,000,000 from the Income Securities Portfolio Fund (one of the funds comprising the Booster Investment Scheme) for use by the Booster KiwiSaver Scheme Geared Growth Fund;
- the Supervisor has granted a security interest in favour of Public Trust (as Supervisor of the Booster Investment Scheme Income Securities Portfolio) over the assets of the Booster KiwiSaver Scheme Geared Growth Fund as security for the loan obligations referred to above.; and
- Public Trust which is the Supervisor of the Booster Investment Scheme Wholesale NZ Fixed Interest Portfolio has provided the Supervisor a loan facility of up to $9,500,000 from the Wholesale NZ Fixed Interest Portfolio (one of the funds comprising the Booster Investment Scheme) for use by the Booster KiwiSaver Scheme Geared Growth Fund;
- the Supervisor has granted a security interest in favour of Public Trust (as Supervisor of the Booster Investment Scheme Wholesale NZ Fixed Interest Portfolio) over the assets of the Booster KiwiSaver Scheme Geared Growth Fund as security for the loan obligations referred to above.
    - In relation to the lending provided to the Geared Growth Fund by the Booster Investment Scheme Income Securities Portfolio and the Booster Investment Scheme Wholesale NZ Fixed Interest Portfolio, the Supervisor (as Supervisor of the Booster Investment Scheme Incomes Securities Portfolio and the Booster Investment Scheme Wholesale NZ Fixed Interest Portfolio) has entered into a Pari Passu Deed agreeing to give the Income Securities Portfolio and the Wholesale NZ Fixed Interest Portfolio equal ranking of their respective security interests in the Geared Growth Fund; and
- Booster Assurance Limited, which is a related company of ours, has entered into a Group Accidental Death Benefit Policy with the Supervisor, providing accidental death benefits to eligible members.

All of these contracts have been entered into on an arm's length basis.

The authorised investments for the Scheme include investing in the assets relevant to a particular Fund either directly or indirectly via an underlying fund. Currently, the Scheme's Funds primarily gain their exposure to the various investment assets by investing in underlying funds that we also manage.

9. Other material contracts

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

- Instrument of Appointment. The Scheme was appointed as a Default Provider by the Government in 2014. The Instrument of Appointment confirms the appointment and states our administration and reporting obligations under the appointment;
- 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.
- We and the Supervisor have entered into a Guarantee where the Unit Value of Units in the Capital Guaranteed Fund are guaranteed.

Further information on these contracts, as well as those that are referred to elsewhere in this document, is available by contacting us on **0800 336 338**.

See section 8 – "Conflicts of Interest – related party transactions" for other contracts between related parties.

We’re here to help.

To find out more about the Booster KiwiSaver Scheme talk to your financial adviser, call us on **04 894 4300**, or visit our website.

booster.co.nz

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

A disclosure statement is available from your financial adviser, on request and free of charge.