



Booster KiwiSaver Scheme Asset Class Funds

Booster Investment Management Limited (Booster) is the issuer and manager of the Scheme. Public Trust is the supervisor the scheme.



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Introduction

Welcome to the Booster KiwiSaver Scheme Asset Class Funds

Established in 2014, the Asset Class funds utilise investment strategies underpinned by over six decades of financial market research by Nobel prize winning economists.

The Asset Class funds enable KiwiSaver investors access to funds normally restricted to large financial institutions and high net worth individuals.

The Asset Class Conservative and Growth funds were established 1st July 2014. The Asset Class Balanced Fund was introduced September 2017.

The Asset Class funds are supported by over 250 advisers throughout New Zealand.



KiwiSaver Objectives

For the majority of New Zealanders, KiwiSaver is a long-term investment vehicle where consideration of long-term performance (often over decades) should outweigh short term factors.

The Asset Class funds aim to achieve consistent returns, delivering long term premium over market cap weighted exposures to certain dimensions.

Investment Philosophy

The key elements of the Asset Class Funds investment philosophy are:

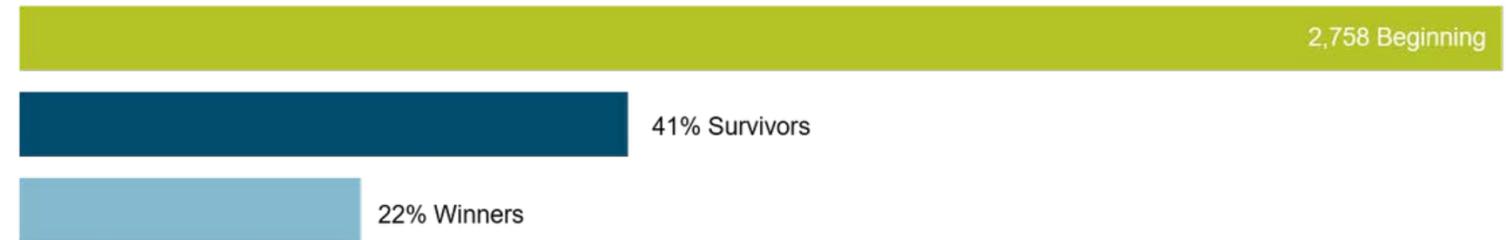
- Don't try to outguess the market
- Avoid market timing
- Focus on dimensions of expected returns
- Diversification – geographically and across asset classes
- Disciplined investment approach
- Look beyond the headlines
- Partnership with leading global fund managers

Don't try to outguess the market

The market's pricing power works against mutual fund managers who try to outperform through stock picking or market timing. As evidence, only 22% of US equity mutual funds and 10% of US fixed interest mutual funds have survived and outperformed their benchmarks over the past 20 years.

Few mutual funds survive and beat their benchmarks. 20-year performance period ending 31 December, 2019

EQUITY FUNDS



FIXED INCOME FUNDS

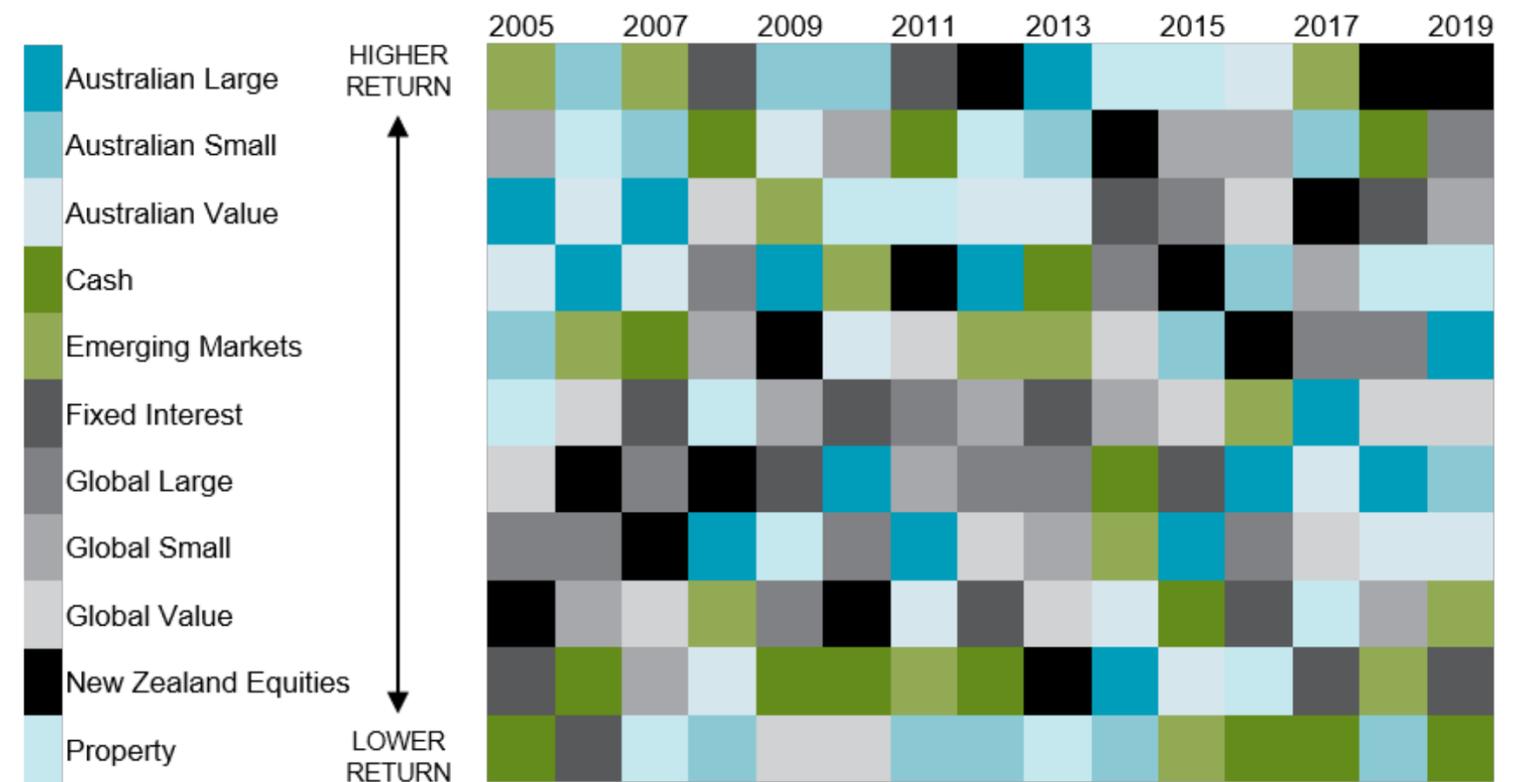


THE ONLY FUNCTION OF ECONOMIC FORECASTING IS TO MAKE ASTROLOGY LOOK RESPECTABLE.

- JOHN KENNETH GALBRAITH

Avoid market timing

We avoid market timing. It is impossible to predict which market segments will outperform from year to year. By holding a globally diversified portfolio, investors are well positioned to capture returns wherever they occur.





Focus on Dimensions of expected returns

Investors can achieve higher expected returns by structuring their investments around these dimensions. Evidence shows us that tilting our portfolios to value, small cap and profitability will achieve higher than market returns over the long term.

Dimensions of Expected Returns

EQUITIES

Market (Equity premium—stocks vs. bonds)

Company Size (Small cap premium—small vs. large companies)

Relative Price (Value premium—value vs. growth companies)

Profitability (Profitability premium—high vs. low profitability companies)

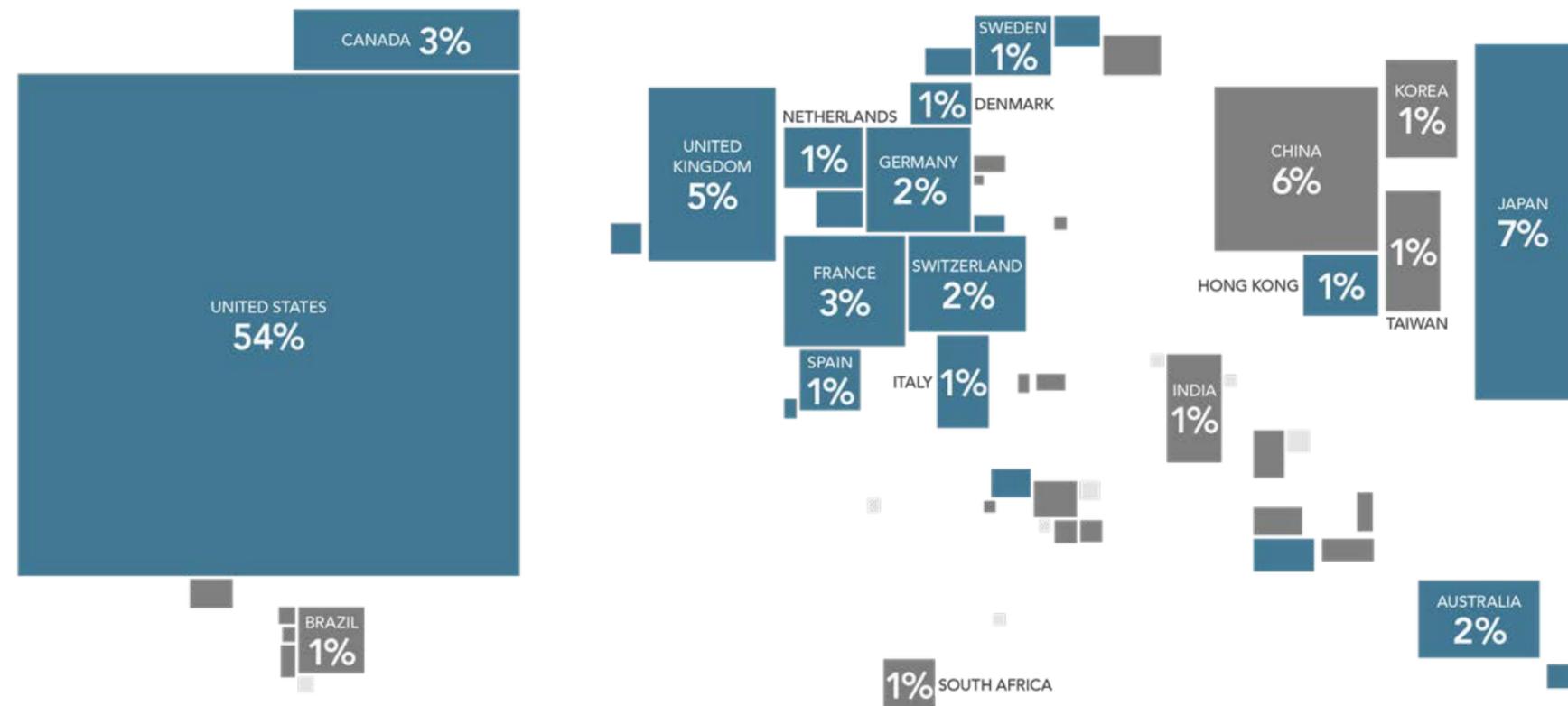
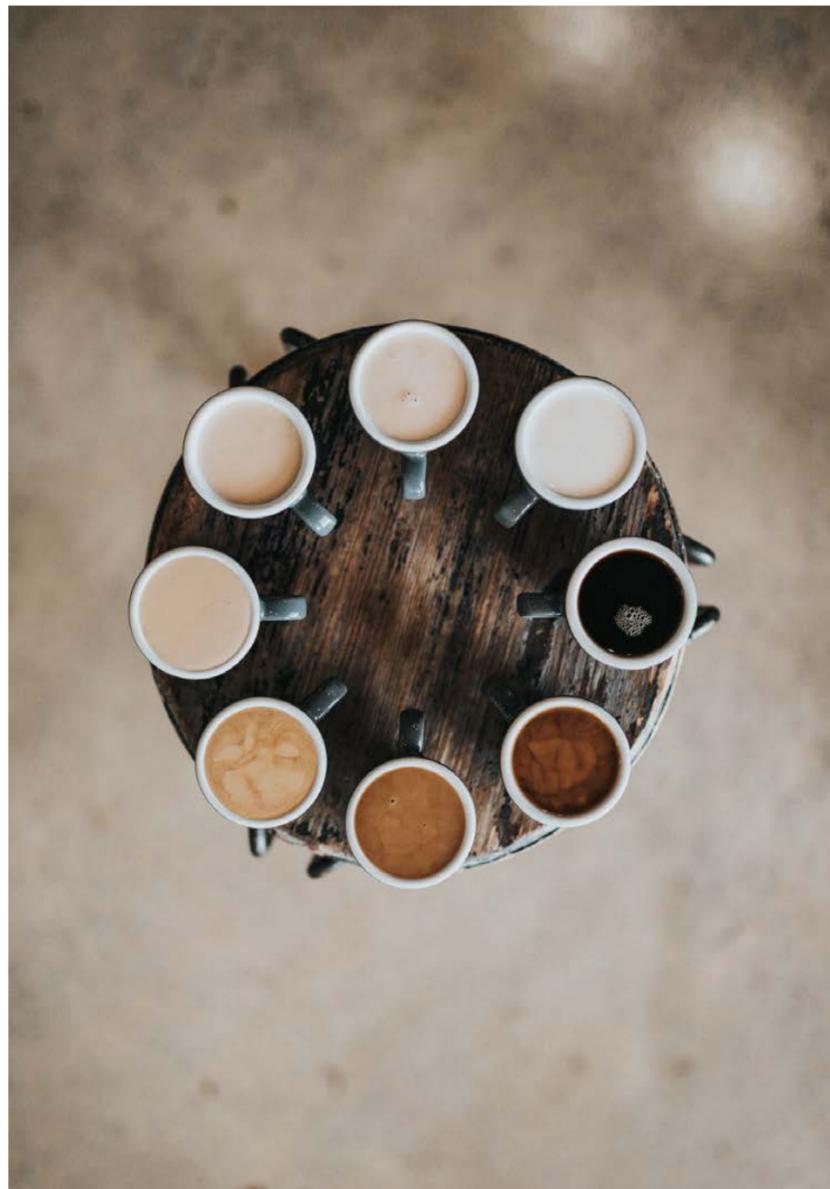
FIXED INTEREST

Term (Term premium—longer vs. shorter maturity bonds)

Credit (Credit premium—lower vs. higher credit quality bonds)

Global Diversification - There's a World of Opportunity in Equities

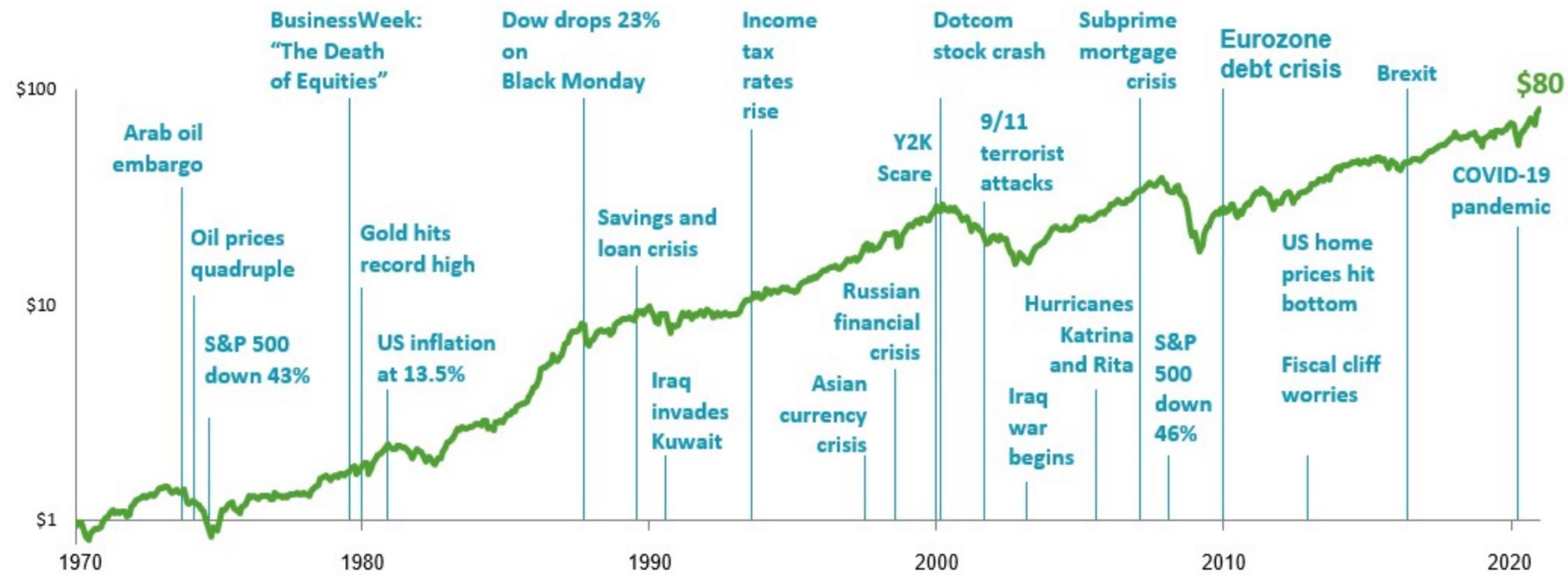
We invest globally and across a diverse range of asset classes. By holding a globally diversified portfolio, investors are well positioned to capture returns wherever they occur. Percent of world market capitalisation as at 31 December 2019.



In US dollars. Market cap data is free-float adjusted and meets minimum liquidity and listing requirements. Dimensional makes case-by-case determinations about the suitability of investing in each emerging market, making considerations that include local market accessibility, government stability, and property rights before making investments. China market capitalisation excludes A-shares, which are generally only available to mainland China investors. Many nations not displayed. Totals may not equal 100% due to rounding. For educational purposes; should not be used as investment advice. Data provided by Bloomberg.

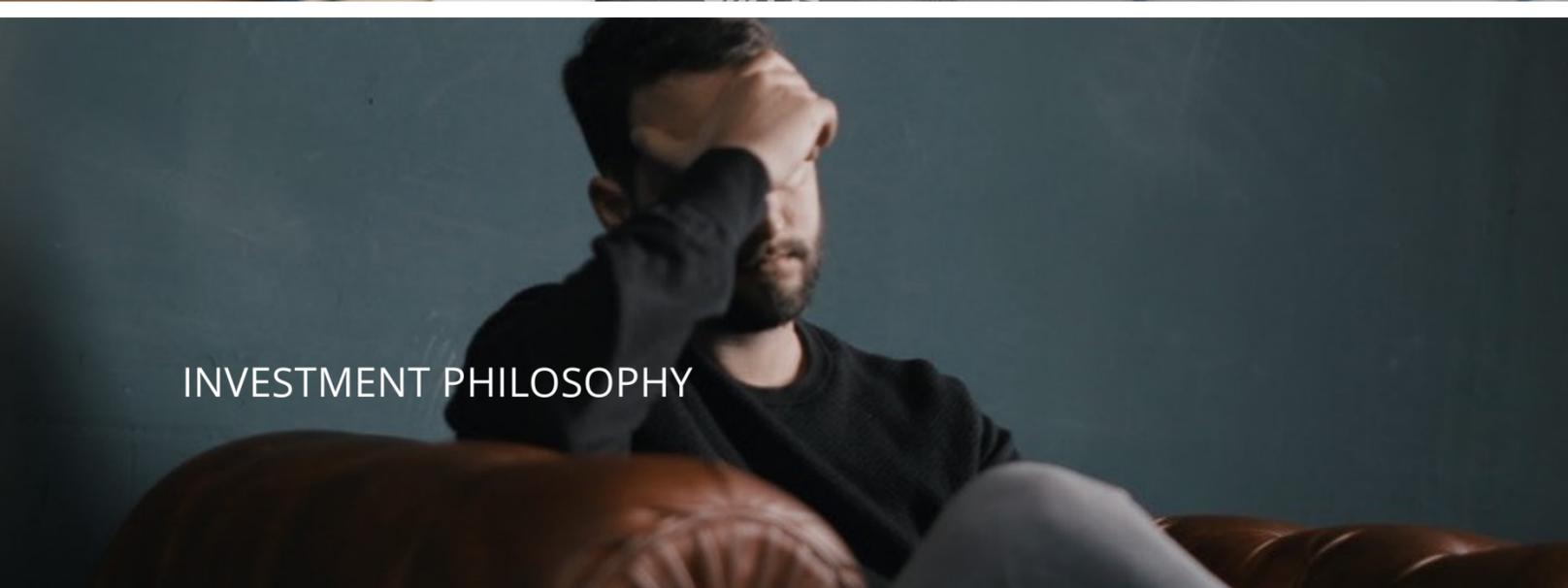
Disciplined Investment Approach

A disciplined investor looks beyond the concerns of today to the long-term growth potential of markets.



Growth of a dollar—MSCI World Index (net dividends), 1970–2020

In US dollars. MSCI data © MSCI 2020, all rights reserved. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is no guarantee of future results.



INVESTMENT PHILOSOPHY

RETIRE RICH

SELL STOCKS NOW

THE LOOMING RECESSION

THE TOP 10 FUNDS TO OWN

MARKET HITS RECORD HIGH

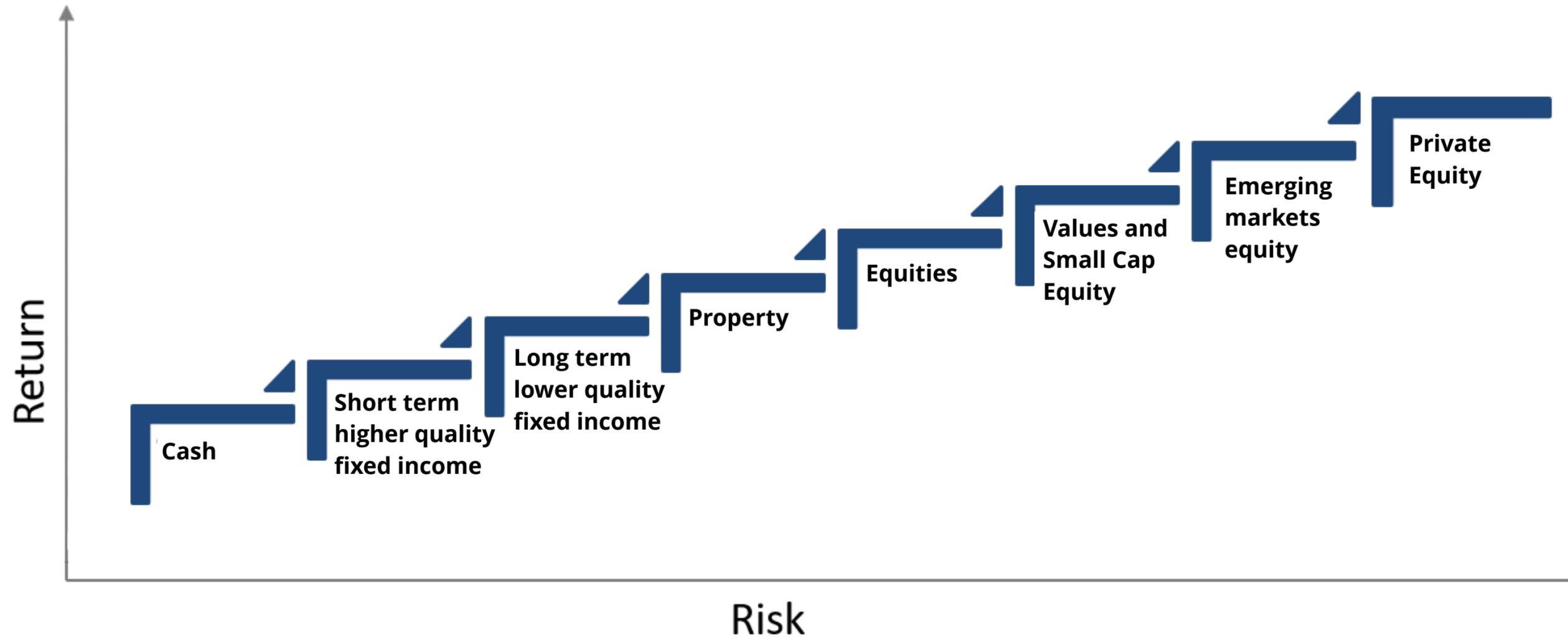
HOUSING MARKET BOOM

Look beyond the headlines

Daily market news and commentary can challenge your investment discipline. Some messages stir anxiety about the future, while others tempt you to chase the latest investment fad. When headlines unsettle you, consider the source and maintain a long-term perspective.

Risk and return are related

Investing means taking risks. Not investing means taking risks, too.





Partnership with leading global fund managers

We partnered with the one of the best fund managers globally, with nearly 40 years of operation in over 25 countries with a long history of applying academic research to practical investing which matches our investment philosophy.

- No funds frozen during Global Financial Crisis
- Never had a negative quarter of funds inflow

Portfolio Structuring

The selection of asset classes and their specific weight in the portfolio was based on a series of steps guided by academic research, as well as practical considerations.

CHOOSING THE SHARES/BONDS MIX

What portion of the portfolio should be in 'riskier' shares relative to bonds?

THE BROAD GLOBAL ASSET CLASSES

What portion of the portfolio should be in Australasian shares relative to non - Australasian shares?

HOW MUCH TO 'TILT' TOWARDS DIMENSIONS OF EXPECTED RETURNS

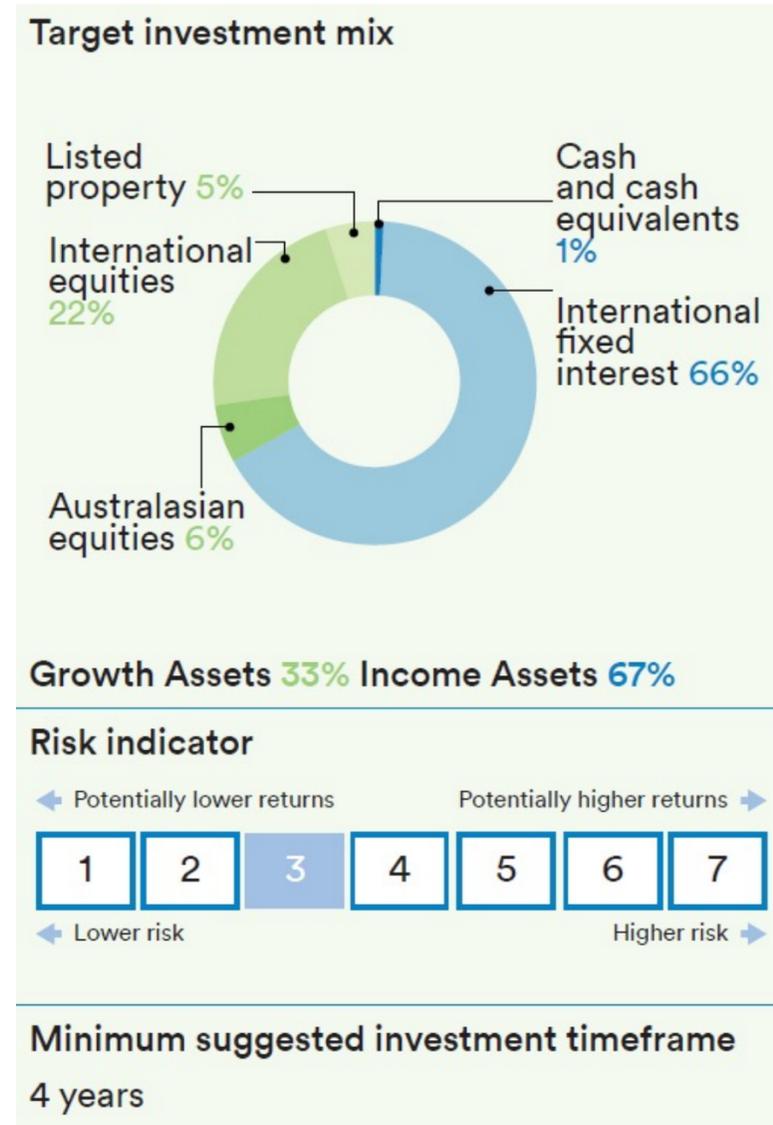
What portion of the portfolio should be in small cap, value and profitability shares relative to the market?

WHAT IS THE MOST EFFICIENT WAY TO IMPLEMENT THE STRATEGY

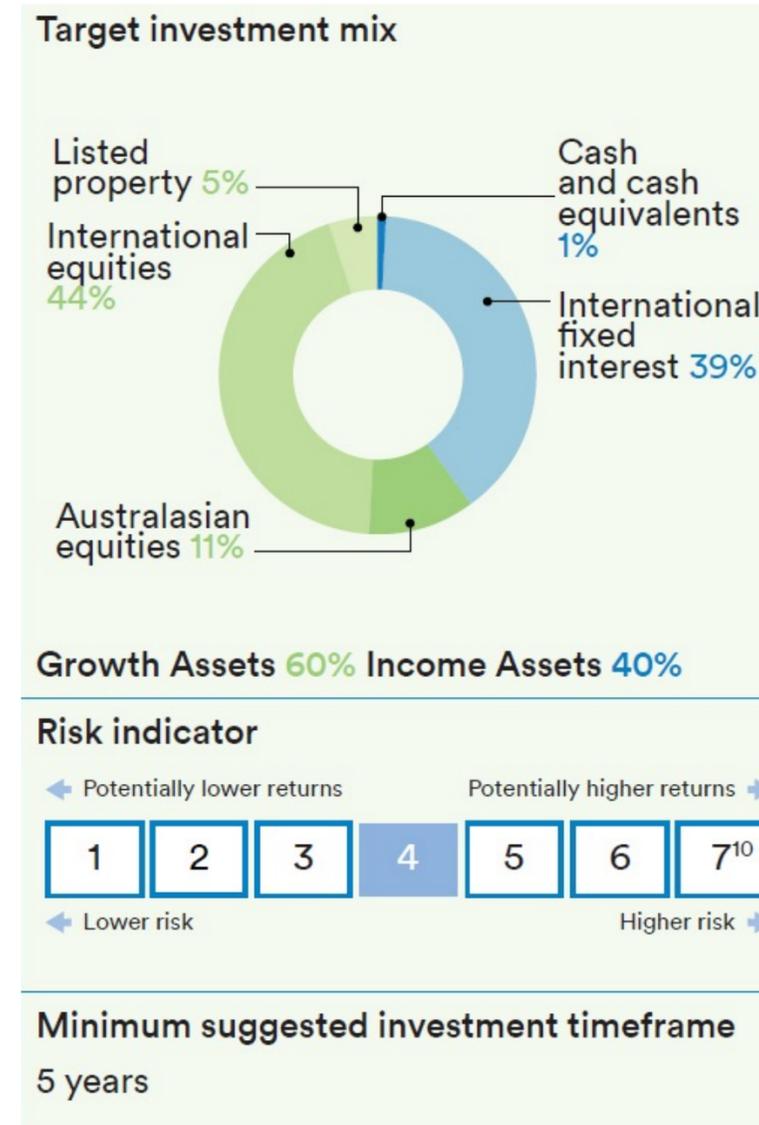
What are the other practical investment considerations?

Target Asset Allocation

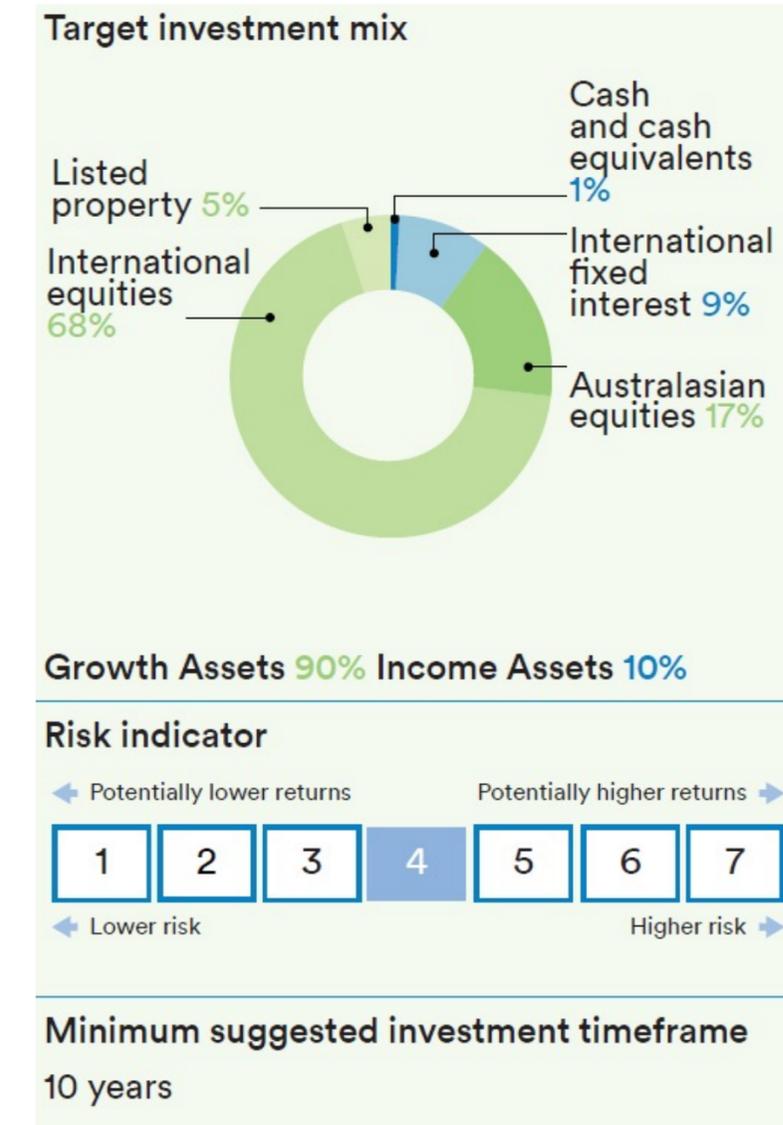
Booster KiwiSaver Scheme
AC **Conservative** Fund



Booster KiwiSaver Scheme
AC **Balanced** Fund



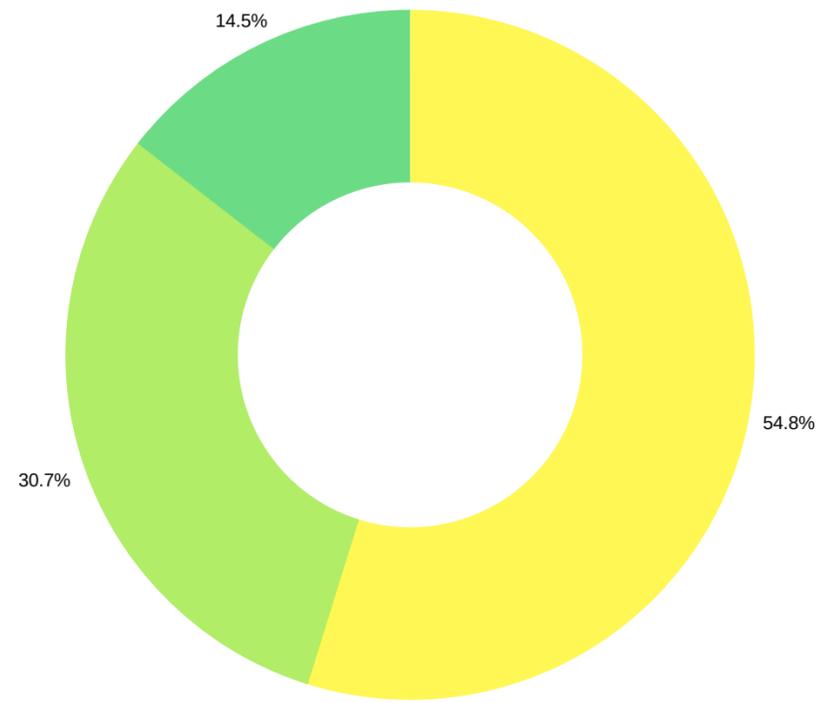
Booster KiwiSaver Scheme
AC **Growth** Fund



Figures are from the current Booster product disclosure statement and show the target investment mix of the model and may not be representative of the actual KiwiSaver fund.

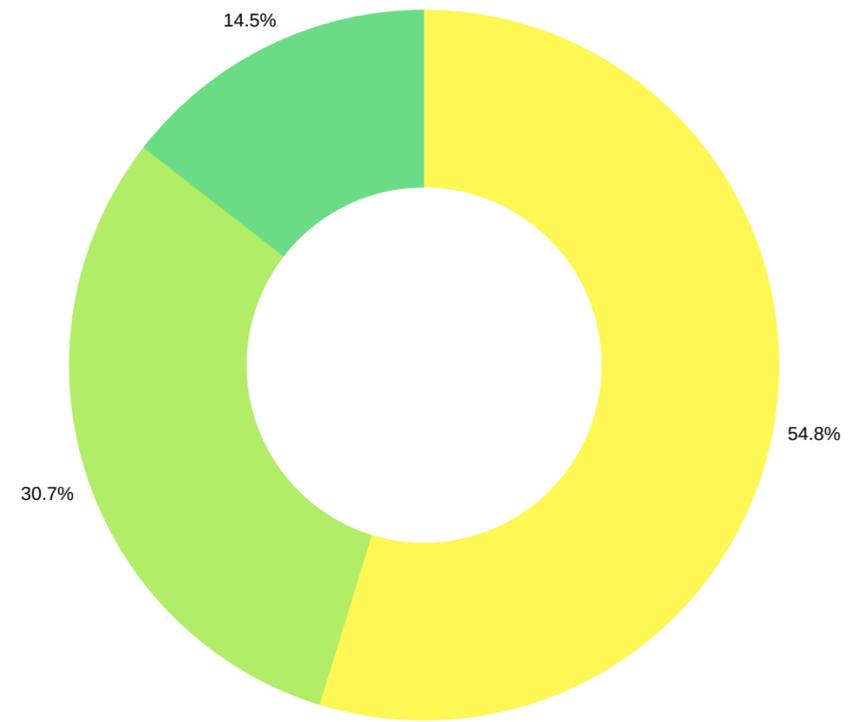
Equity Drill Down

KiwiSaver AC **Conservative** Model - Equity Style Capitalization



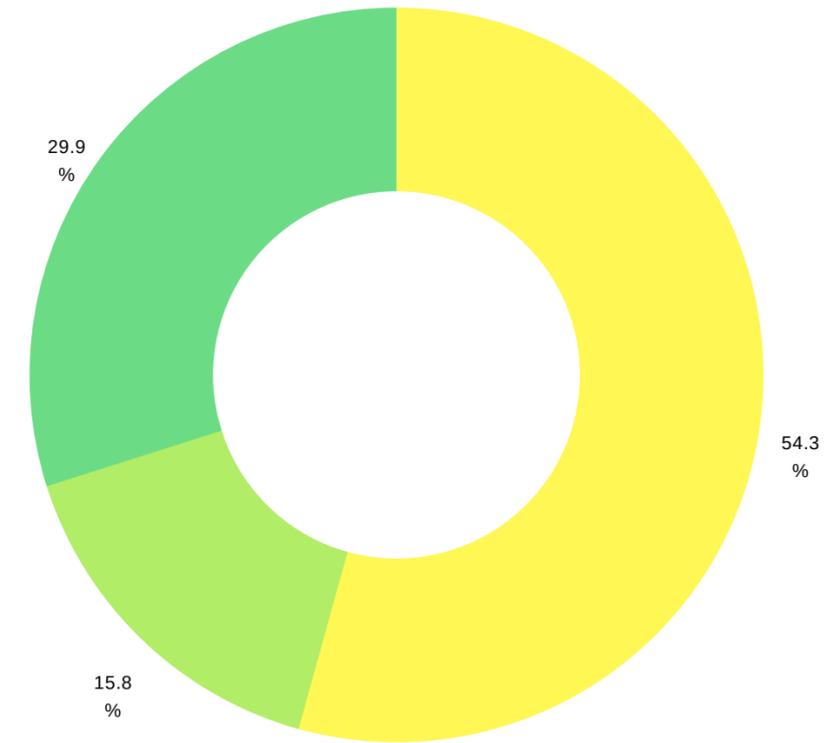
● Large Cap	54.8%
● Mid Cap	30.7%
● Small Cap	14.5%
Total	100%

KiwiSaver AC **Balanced** Model - Equity Style Capitalization



● Large Cap	54.7%
● Mid Cap	30.7%
● Small Cap	14.5%
Total	100%

KiwiSaver AC **Growth** Model - Equity Style Capitalization



● Large Cap	54.8%
● Mid Cap	30.7%
● Small Cap	14.5%
Total	100%

Source: Morningstar Direct

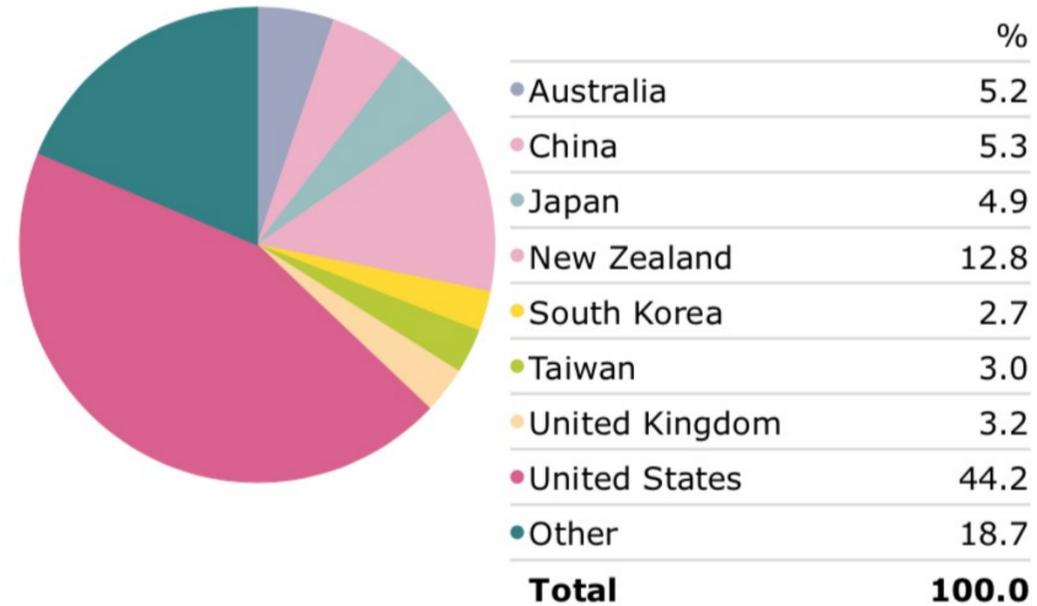
The above numbers are only derived for the equity funds included in the model and are sourced from Morningstar Direct.

Global Equity Diversification

Exposure to a large number of securities around the world reduces the risk that any one stock or any one market would have a substantial impact on your overall wealth.

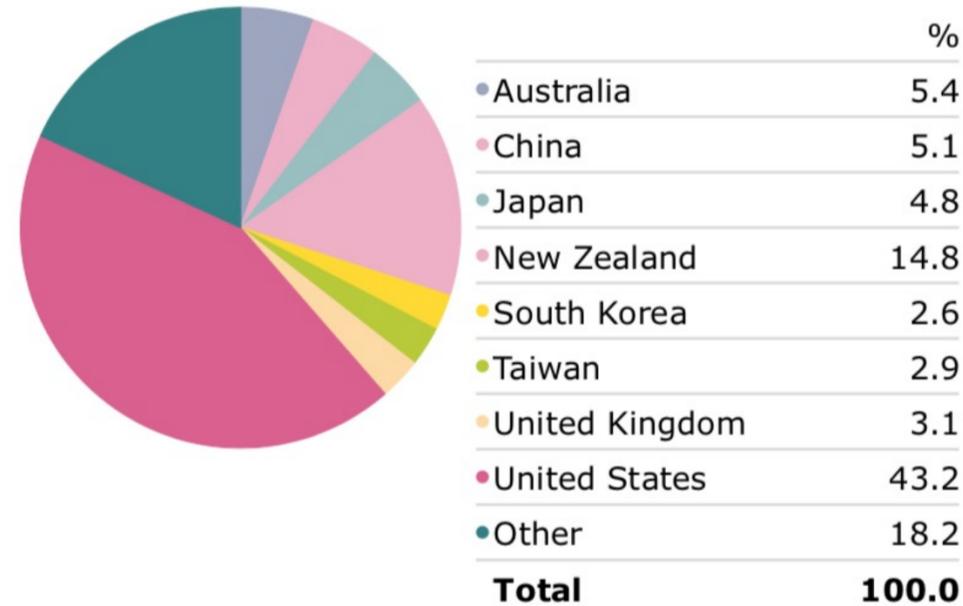
KS AC Conservative Fund - Country Equity Exposure

Portfolio Date: 30/06/2021



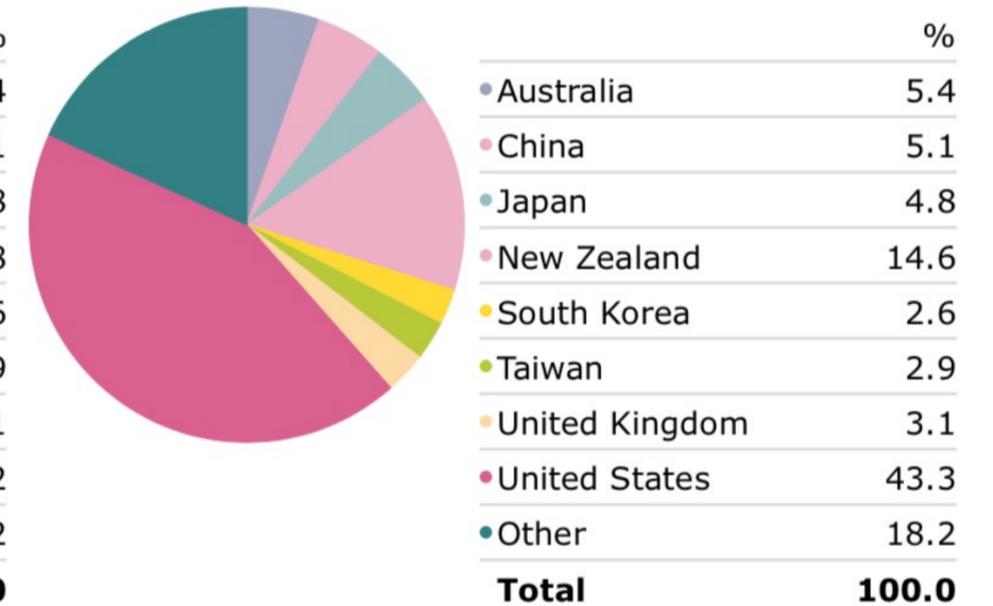
KS AC Balanced Fund - Country Equity Exposure

Portfolio Date: 30/06/2021



KS AC Growth Fund - Country Equity Exposure

Portfolio Date: 30/06/2021



Portfolio Date: 30/06/2021

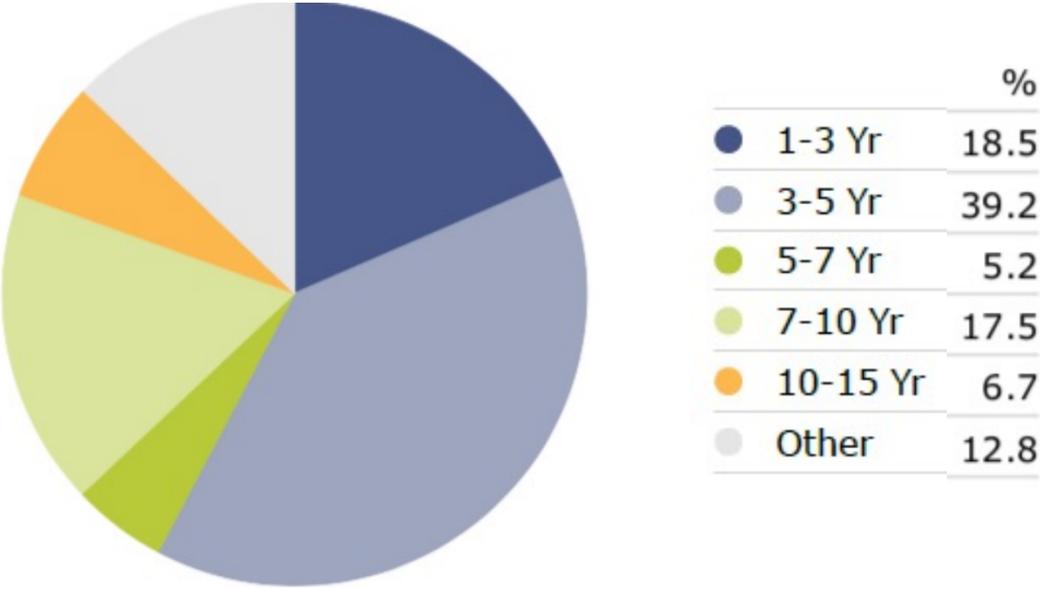
Source: Morningstar Direct

Numbers stated are for some of the equity component of the Asset Class funds only and exclude Fixed Interest and Cash. Numbers are based on the model portfolio asset allocation constructed by SGAM on Morningstar Direct with the underlying Dimensional/Smartshares funds.

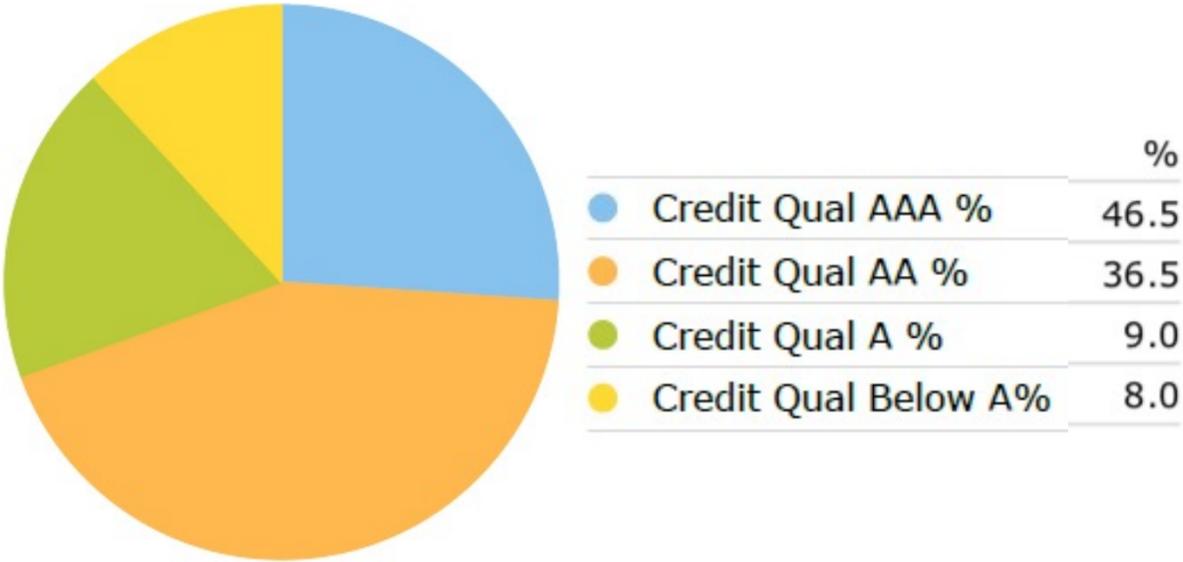
Funds Global Fixed Interest Exposure - Conservative Model

Bond yields are generally driven by two main dimensions: time to principal repayment (maturity) and credit quality. Extending bond maturities and reducing credit quality increases risk, but rewards investors with higher expected returns.

Booster KiwiSaver Scheme
AC **Conservative** Model - Fixed-Inc Maturity



Booster KiwiSaver Scheme
AC **Conservative** Model - Credit Quality



Portfolio Date: 30/06/2021

Source: Morningstar Direct

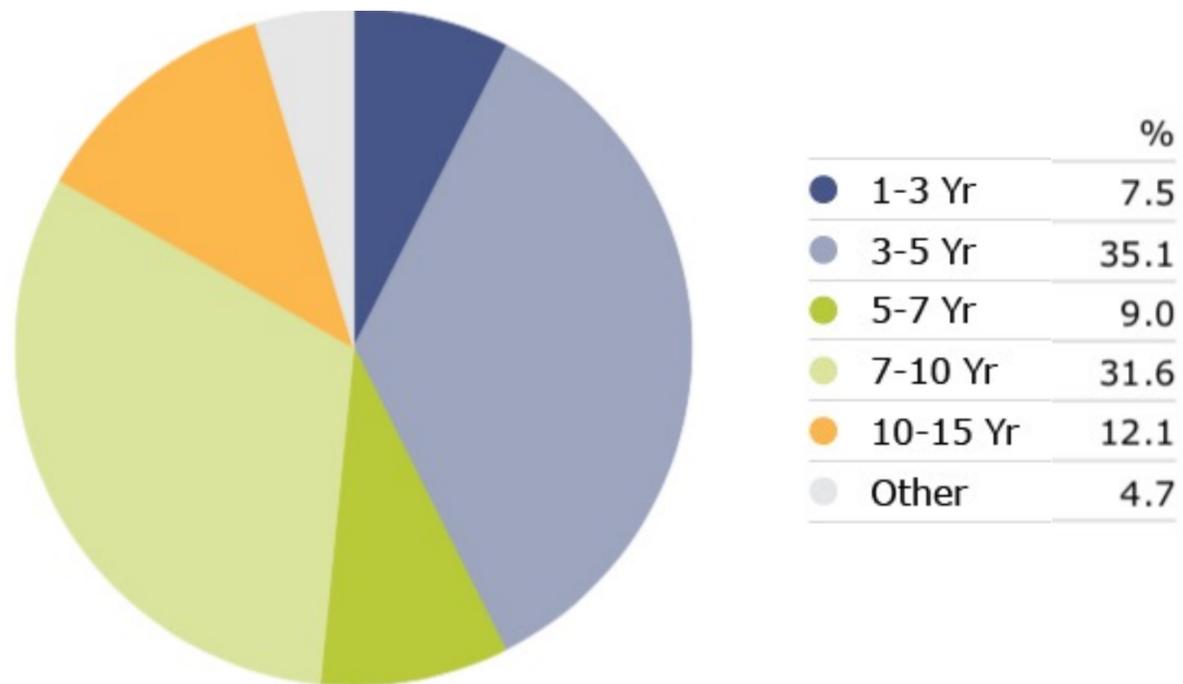
Portfolio holdings are subject to change.

Due to rounding numbers may not add up to 100%. The funds included in the above graphs are Dimensional 5Y FI Trust, Dimensional Global Bond Trust and Dimensional 2Year Diversified FI Trust.

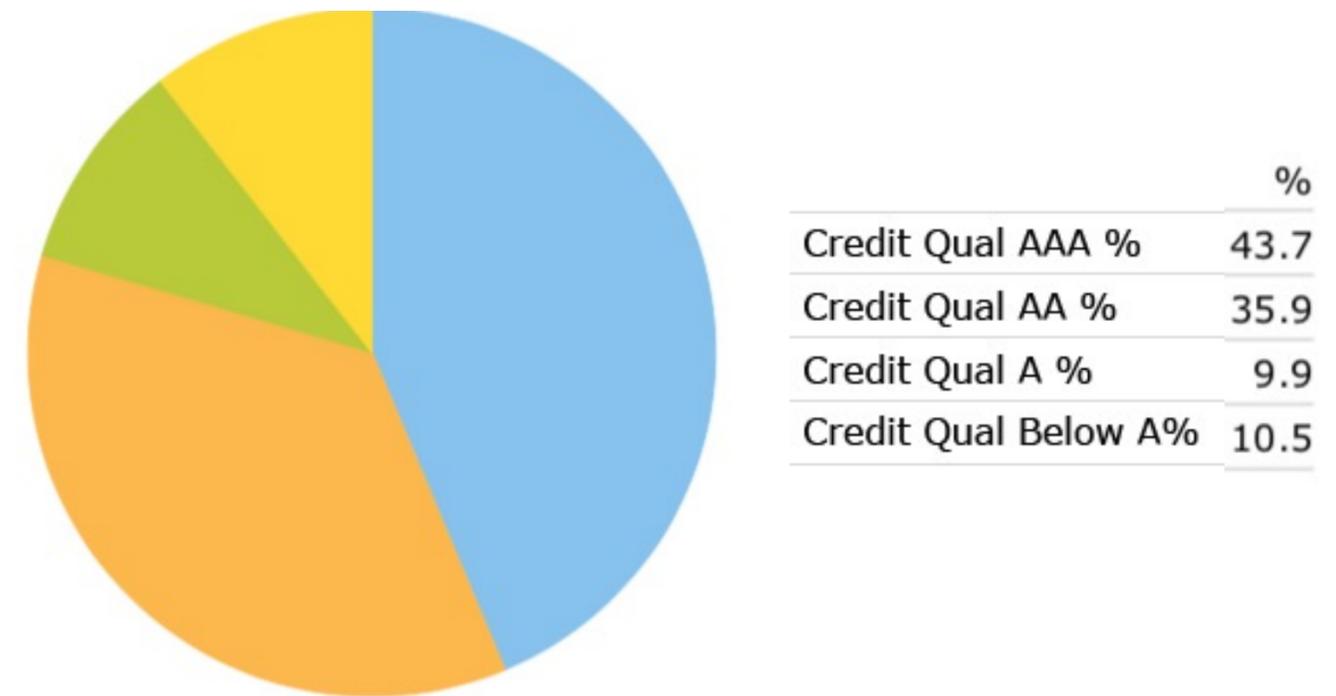
Funds Global Fixed Interest Exposure - Balanced Model

Bond yields are generally driven by two main dimensions: time to principal repayment (maturity) and credit quality. Extending bond maturities and reducing credit quality increases risk, but rewards investors with higher expected returns.

Booster KiwiSaver Scheme
AC **Balanced** Model - Fixed-Inc Maturity



Booster KiwiSaver Scheme
AC **Balanced** Model - Credit Quality



Portfolio Date: 30/06/2021

Source: Morningstar Direct

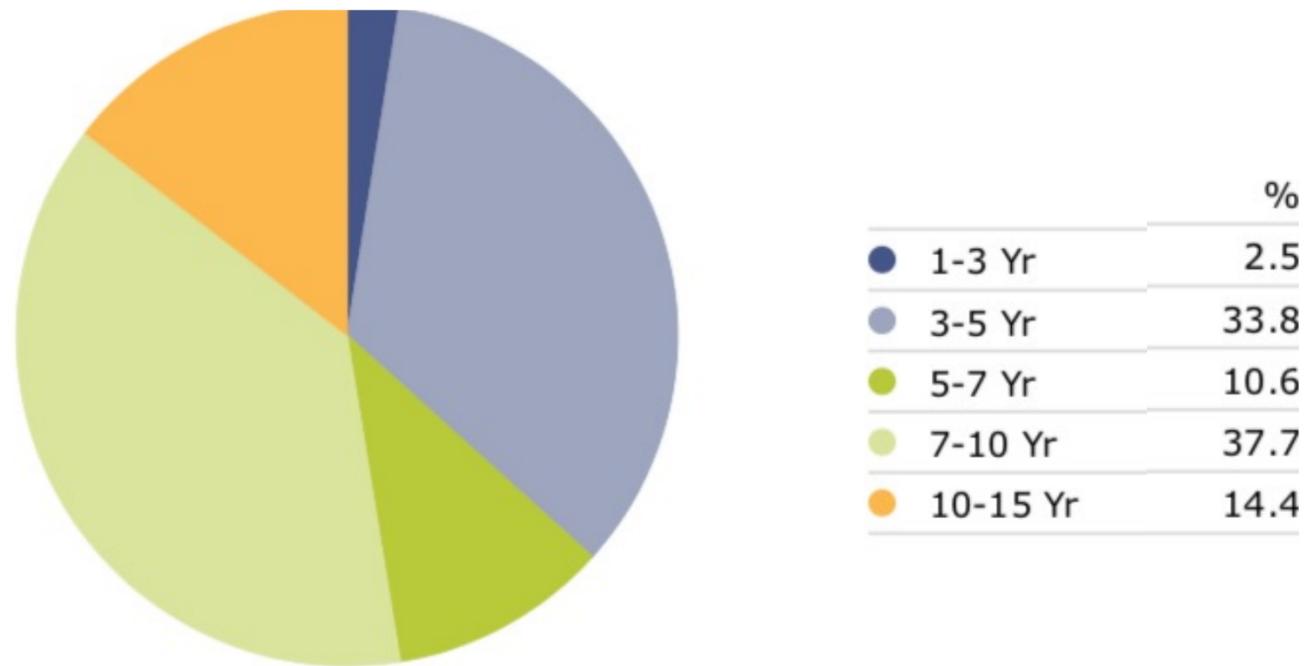
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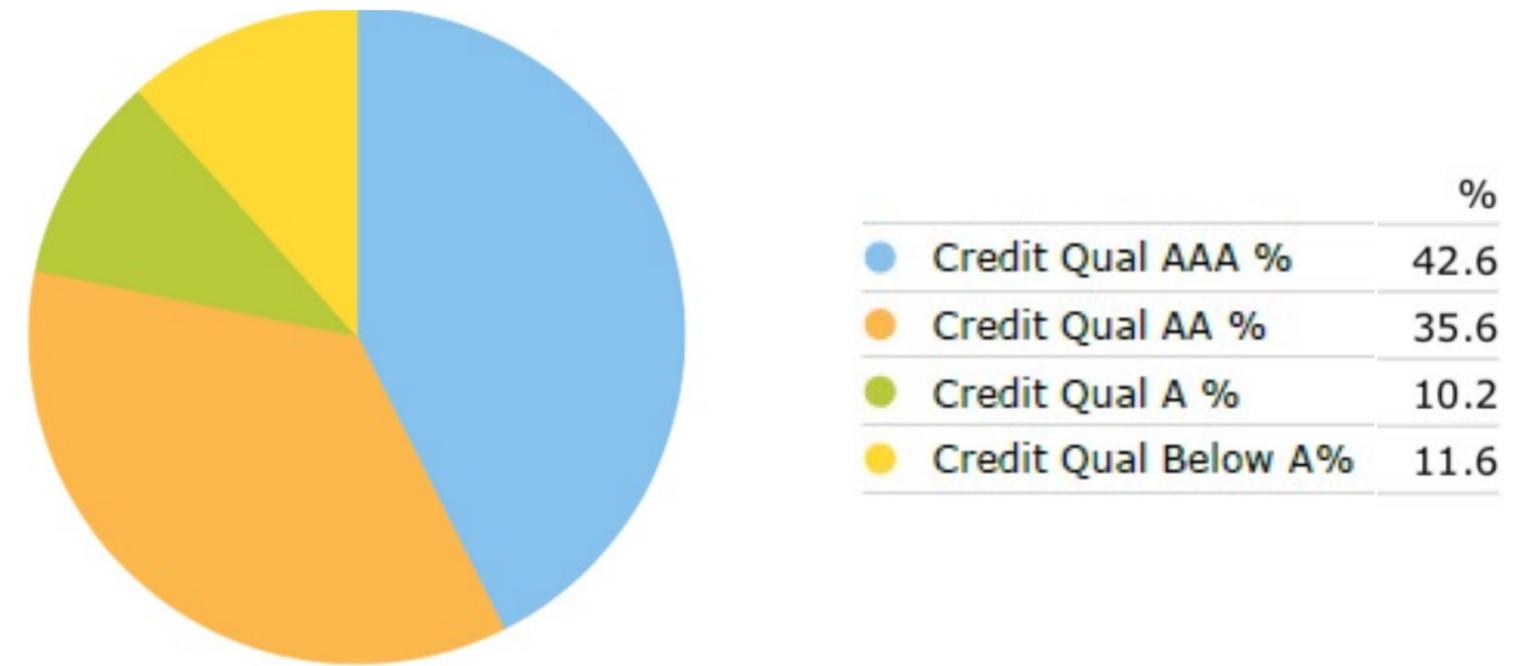
Funds Global Fixed Interest Exposure - Growth Model

Bond yields are generally driven by two main dimensions: time to principal repayment (maturity) and credit quality. Extending bond maturities and reducing credit quality increases risk, but rewards investors with higher expected returns.

Booster KiwiSaver Scheme
AC **Growth** Model - Fixed-Inc Maturity



Booster KiwiSaver Scheme
AC **Growth** Model - Credit Quality



Portfolio Date: 30/06/2021

Source: Morningstar Direct

Portfolio holdings are subject to change.

Due to rounding numbers may not add up to 100%. The funds included in the above graphs are Dimensional 5Y FI Trust, Dimensional Global Bond Trust and Dimensional 2Year Diversified FI Trust.

Periodic Performance

Rates of Return (%)

Monthly: 1/7/2011 - 30/6/2021

Rates of Return (%)

	YTD	1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	4 Years	5 Years	10 Years	Report Date Range	Since First Full Month	St.Dev Since First Full Month	First Full Month
AC Conservative Model	4.78	1.06	2.76	4.78	11.39	5.60	5.55	5.54	5.63	6.27	6.27	6.76	3.69	5/2009
AC Conservative BMark Model	3.82	1.32	2.57	3.82	9.52	6.19	6.08	6.02	5.92	6.38	6.38	7.03	3.06	7/2003
AC Balanced Model	8.75	1.72	4.33	8.75	20.71	9.03	7.92	8.22	8.77	8.23	8.23	9.00	6.78	5/2009
AC Balanced BMark Model	7.08	2.38	4.26	7.08	17.38	10.03	9.03	9.13	9.36	8.84	8.84	8.67	6.91	7/2003
AC Growth Model	13.52	2.24	5.65	13.52	31.44	12.25	9.83	10.61	11.74	9.26	9.26	10.06	9.78	5/2009
AC Growth Bmark Model	10.80	3.36	5.84	10.80	26.22	13.95	11.74	12.21	12.52	10.07	10.07	9.48	10.02	7/2003

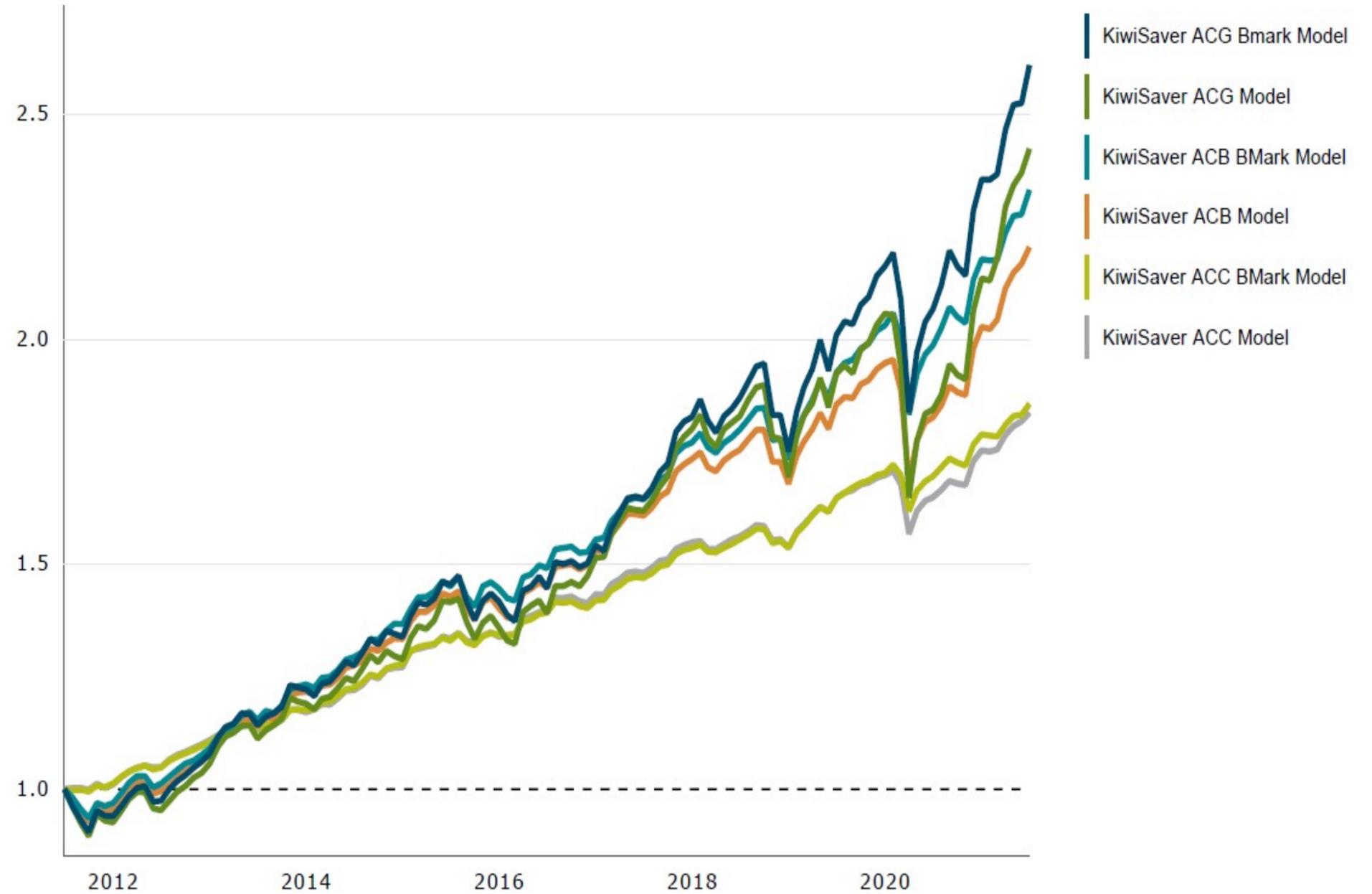
ACC - Asset Class Conservative | ACB - Asset Class Balanced | ACG - Asset Class Growth | BMark - Benchmark

Benchmark Index Performance Source from Dimensional Returns Web: NZ 90 Day Bank Bill Interest Rates NZD, S & P ASX 300 TR, MSCI World NR AUD, NZX 50 TR NZD, FTSE World Government Bond Index 1-5 Years hedged to NZD, Bloomberg Barclays Global Aggregate Bond Index hedged to NZD, Bloomberg Barclays Global Aggregate Bond Index 1-3 Years hedged to NZD, MSCI Emerging Markets Index (net div, in NZD), MSCI World ex Australia Index (net div, hedged to NZD), Dimensional Global Real Estate Trust Composite Index (hedged to NZD). Benchmark has been calculated using the relevant indexes on the same weighting as the model asset allocation. Benchmarks have been used as a proxy for a fund, before their inception date, to gain a more historical potential performance for the models. Therefore, data presented is based on a combination of benchmark and actual fund returns. Indices are not available for direct investment so returns do not present actual performance of the asset or this portfolio during the period. Past performance is not indicative of future results, performance of less than one year may not be indicative of performance over longer periods. Actual performance may differ due to time weighting of capital and underlying asset allocation. 'NZ 90 Day Bank Bill Interest Rates NZD' has been used as a proxy for cash.

Performance Returns

Growth of Wealth

Monthly: 1/7/2011 - 30/06/2021
Converted to NZD using NY Close Rates



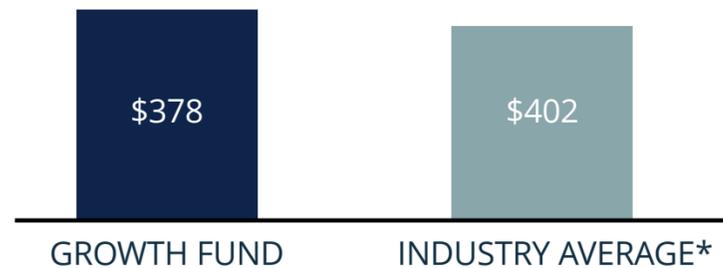
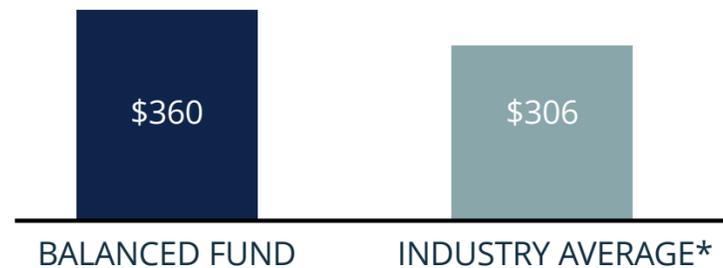
ACC - Asset Class Conservative | ACB - Asset Class Balanced | ACG - Asset Class Growth | BMark - Benchmark

Benchmark Index Performance Source from Dimensional Returns Web: NZ 90 Day Bank Bill Interest Rates NZD, S & P ASX 300 TR, MSCI World NR AUD, NZX 50 TR NZD, FTSE World Government Bond Index 1-5 Years hedged to NZD, Bloomberg Barclays Global Aggregate Bond Index hedged to NZD, Bloomberg Barclays Global Aggregate Bond Index 1-3 Years hedged to NZD, MSCI Emerging Markets Index (net div, in NZD), MSCI World ex Australia Index (net div, hedged to NZD), Dimensional Global Real Estate Trust Composite Index (hedged to NZD). Benchmark has been calculated using the relevant indexes on the same weighting as the model asset allocation. Benchmarks have been used as a proxy for a fund, before their inception date, to gain a more historical potential performance for the models. Therefore, data presented is based on a combination of benchmark and actual fund returns. Indices are not available for direct investment so returns do not present actual performance of the asset or this portfolio during the period. Past performance is not indicative of future results, performance of less than one year may not be indicative of performance over longer periods. Actual performance may differ due to time weighting of capital and underlying asset allocation. 'NZ 90 Day Bank Bill Interest Rates NZD' has been used as a proxy for cash.

Fee Comparison

Asset Class KiwiSaver Portfolio Expenses Relative to Industry

Managed Funds charge fees for managing investors' capital. Generally, lower expenses can help investors keep more of their investments which can make a difference when compounded in the long run.



	CONSERVATIVE FUND	INDUSTRY AVERAGE*
Management Cost	1.12%	0.90%
Annual cost of \$30,000 KiwiSaver Fund	\$336	\$270

	BALANCED FUND	INDUSTRY AVERAGE*
Management Cost	1.20%	1.02%
Annual cost of \$30,000 KiwiSaver Fund	\$360	\$306

	GROWTH FUND	INDUSTRY AVERAGE*
Management Cost	1.26%	1.34%
Annual cost of \$30,000 KiwiSaver Fund	\$378	\$402

The data source for the Industry Average Fees is Morningstar Survey June Quarter 2021 Conservative industry average uses the moderate data set, balanced industry average uses the balanced data set and the growth industry average uses the aggressive data set for comparison. The displayed management cost of the Asset Class KiwiSaver funds includes all fees incurred by the funds, including trustee fees, fund management fees and asset class manager fees. **Industry Average fees include many funds that don't allow for an on-going client service fee and other associated fees. They can also vary greatly from fund to fund due to performance and underlying fund management fees.*

Frequently Asked Question

HOW DO I JUSTIFY ASSET CLASS PERFORMANCE AGAINST OTHER KIWISAVER SCHEMES?

Our objective is to provide consistent performance that will deliver higher than expected returns over the long term.

Peer Group Comparison

In comparison to their peer universe all AC funds sit around the average for percentage held in growth assets but below average for the percentage held in New Zealand domiciled assets, please see table below.

NZ Domiciled Assets	Asset Class Fund	Peer Group Average
Conservative (Moderate group)	5.10%	46.6%
Balanced (Balanced group)	9.00%	32.3%
Growth (Aggressive group)	13.26%	25%

Peer group average based on Booster Quarterly scheme update and Morningstar KiwiSaver report. Both as of June 2021.

The peer group utilised is based on the fact the funds are a KiwiSaver product and then split out into categories based on their level of growth assets. The fundamental geographical asset allocation differences mean the Asset Class funds do not fit well into this peer group universe. We also note that the hedging policies are different amongst the funds, within the Global Developed Equities fund the Asset Class funds have equal exposure to NZD hedged share class vs unhedged. In the short term, the two funds can perform quite differently with NZD fluctuations.

As an aside to the peer group comparison, the funds we choose to utilise have a higher than market cap exposure to risk factors, principally size and value. Historically, over the long run, these exposures have delivered a healthy premium over market-cap-weighted exposures hence the Dimensional funds we utilise tilt to these factors. These factors can be negative in the short to medium-term horizons, this was the case in 2018. We see this relatively poor performance as a result of the short-term volatility and should therefore be considered in the context given that the majority of KiwiSaver clients are invested for the long term.

DISCLAIMER

This document contains information of a general nature only. It does not take into account your particular financial situation or goals. The material in this publication is an overview or summary only and it should not be considered a comprehensive statement on any matter or relied upon as such.

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This report was prepared for use by financial advisers, these were not prepared for use by retail clients.

Data Source: Morningstar Direct, Dimensional Returns Web, Morningstar KiwiSaver Survey, Booster website.

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