

# Booster Innovation Fund

## Product Disclosure Statement

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Offer of units in the Booster Innovation Fund  
of the Booster Innovation Scheme

**19 August 2022**

**Issuer: Booster Investment Management Limited**

This document replaces the Product Disclosure Statement dated 23 February 2022.

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

# 1. Key information summary

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## What is this?

This is an offer of units in the Booster Innovation Fund (**Fund**) of the Booster Innovation Scheme (**Scheme**). Your money will be pooled with other investors' money and invested. Booster Investment Management Limited (**Booster, we, our or us**) invests the money in assets, such as unlisted shares in early-stage companies (directly or indirectly), and takes fees.

The assets and fees are described in this document. By investing in the Fund, you are relying on the investment decisions of Booster and returns from the assets that the Fund invests in. There is a risk that you may lose some or all of the money you invest.

## Who manages this Scheme?

We, Booster Investment Management Limited, are the manager of the Scheme. The Fund is currently the only investment option in the Scheme.

You'll learn more about us in Section 9 – *About Booster and others involved in the Fund*.

## What are you investing in?

The Fund is a managed investment scheme established to invest in a portfolio of early-stage companies founded on intellectual property originated or developed in New Zealand that are selected on the basis that they have the potential to become commercially successful globally. The Fund is listed on the NZX Main Board (with the code BIF).

Early-stage company investing is generally considered the riskiest type of equity investing because many more early-stage companies fail than mature companies. It can take many years before a company becomes successful, and most externally funded companies have years of unprofitable activity before they reach the point of making money. Early-stage company investing requires patience. However, those companies that do succeed tend to greatly reward their investors through high returns. Because the Fund holds investments in a number of companies as part of a portfolio, it is to be expected that some companies will gain in value while others will lose some or all of their value. Despite the benefit of this portfolio approach, significant investment losses can occur. If you are unsure whether this investment is suitable for you or how much to invest, we recommend you seek professional advice.

This is a continuous offer meaning the Fund will accept applications from investors on an ongoing basis, though these applications will generally only be processed by us monthly. Money raised from investors will be used to acquire an interest in additional early-stage companies or make follow-on investments in existing companies that are seeking expansion capital.

**Investment Objective** - the Fund aims to provide investors with an exposure to a diversified portfolio of early-stage companies founded on intellectual property originated or developed in New Zealand.

**Investment Strategy** - the Fund will seek to invest in a diversified portfolio of investments in conjunction with a range of other specialist investors, across a range of different business sectors and stages of development to optimise the expected returns from early-stage investments.

As at the date of this document the Fund invests in a specialised portfolio of 25 early-stage companies, either directly or through its interest in NZ Innovation Booster Limited Partnership (**NZIB**). NZIB is a partnership between Booster Financial Services Limited (our parent company), Victoria Link Limited (**Wellington UniVentures**) and Otago Innovation Limited (**OIL**) which are the technology commercialisation arms of Victoria University of Wellington and University of Otago respectively. The portfolio includes companies ranging in their stage of development, industry sectors and innovation types. It includes:

- companies developing diagnostic, screening or other medical solutions to improve clinical outcomes,
- companies developing therapies or drug delivery technologies to treat life threatening or debilitating disease,
- companies developing software solutions to improve user outcomes,
- companies developing technologies to improve energy efficiency or reduce carbon emissions,
- companies developing solutions to improve food crop production and yield,
- companies developing advanced surface coatings and other materials.

See Section 2 - *What the Booster Innovation Fund invests in* for an overview of each of the companies currently invested in.

The Fund is not permitted to borrow, either directly or via its underlying funds.

## Key terms of the offer

<b>Product</b>	Units in the Booster Innovation Fund.
<b>How you invest</b>	You can invest in the Fund by completing and submitting an application form to us or through your financial adviser. Alternatively, you can purchase units on market at the quoted price through an NZX participant (such as a broker) or by arrangement through us.
<b>Unit Price</b>	If units are purchased directly from the Fund, the price for the units will be the Unit Price applicable for the day on which your investment money is processed (generally the first business day of the month). The Unit Price is the net asset value of the Fund (being the value of all assets less the value of all liabilities) divided by the number of units on issue. There is no fixed price for the units and no fixed or indicative range within which that price may be fixed. If you buy or sell units on the NZX Main Board, the price you pay may be higher or lower than the Fund's published Unit Price.
<b>How much you can invest</b>	The minimum initial investment in the Fund is \$1,000. While you're not required to make any further investments, you can invest more by making additional investments (minimum \$500). For trading on the NZX, your broker will be able to advise on the minimum parcel size. While the amount you invest is up to you, we may refuse to accept, or may reduce, your initial or additional investment in the Fund to ensure the Fund does not hold excessive levels of cash.
<b>Offer dates and NZX Quotation</b>	The Fund was first registered on 11 November 2021 and quoted on the NZX Main Board on 2 March 2022. As a continuous offer, there is no close date for this offer, though this Product Disclosure Statement may be updated from time to time.

For further details on the terms of this offer, see Section 3 – *Terms of the Offer*.

## How can you get your money out?

Units in the Fund are quoted on the NZX Main Board. This means you may be able to sell your investments on the NZX if there are interested buyers. The amount you get may be less than the amount that you invested.

The Fund will also aim to make a **limited** amount of cash available for withdrawals on a quarterly basis. However, due to the limited cash available for withdrawals and uncertain demand for withdrawals by other investors, you should regard an investment in this Fund as not **readily redeemable** when making your investment decision and the Fund has no fixed date on which you may get your money back. Refer to Section 3 – *Terms of the Offer* for further details on withdrawals. It is recommended that you only invest money that you do not expect to need access to for a number of years. A 10% withdrawal charge applies to amounts withdrawn through this arrangement.

In the event of a sale of an investment by the Fund (or by an underlying fund and where the proceeds of the sale have been distributed to the Fund), we may, at our discretion, make some or all of the proceeds available for withdrawal from the Fund. While infrequent and unpredictable, this may provide an opportunity for investors to redeem some of their units at the Fund's Unit Price which would not be subject to the 10% withdrawal charge.

All withdrawals are processed at the Unit Price applicable on the day of withdrawal. The Unit Price is calculated as described in the table above.

## Key drivers of returns

The key drivers of returns on your investment in the Fund are:

**Success of the investee business.** An early-stage business is a high-risk investment. Many early-stage businesses fail to achieve their objectives or to reach profitability. Key drivers of a successful early-stage business are typically:

- Success in proving the effectiveness of their technology and product market fit;
- Success in establishing a strong customer base;
- Degree of protection of the intellectual property from imitation; and
- A strong senior team.

In order to improve expected investment outcomes, we utilise a partnership or co-investing model, where investments are made, directly or indirectly, in conjunction with other investors who have relevant experience and expertise in investing in early-stage businesses.

### **Access to diversity of investment opportunities.**

The spreading of investment risk through diversification is a critical element of successful investing in a portfolio of early-stage businesses. Capital contributions from new and existing investors are required to provide the Fund with the capital necessary to enable it to expand from its current investment portfolio of 25 investments to a broader portfolio of more than 40 investments. We have extensive networks within New Zealand across universities, the public and private sectors to enable the Fund to have access to a good flow of investment opportunities to achieve a broad range of investments within its portfolio.

### Performance-based fee only, with low fixed costs.

Investing in early-stage companies is traditionally expensive and often associated with high fixed fees and costs, which can quickly erode the value of a fund that is not consistently delivering high investment returns. In this Fund, we only charge a performance-based fee on returns above a hurdle return. This aligns the interests of the manager and the investor and means we may earn high fees for high performance, but will earn no fees for investment performance below 10% per annum. See Section 7 – *What are the Fees?* For further details.

**Portion of the capital of the Fund deployed.** As a continuous issuer, the Fund anticipates it will issue new

units on a monthly basis and may undertake specific capital raising activities. The extent to which suitable investment opportunities are found will impact the level of uninvested cash, which will have an effect on the Fund's return because the cash is not committed to an investment. We monitor the level of cash held by the Fund to ensure that, so far as practicable, it is appropriate for the level of future expected investment opportunities.

Further information about the key drivers of returns for the Fund and the key strategies and plans we take in respect of those drivers is provided in Section 2 – *What the Booster Innovation Fund invests in* under the heading 'Future Performance of the Fund'.

## Booster Innovation Fund's financial information

Selected historic financial information is presented for the year to 31 March 2022. Note that whilst the Scheme was established on 22 October 2020, the first transaction did not occur until 24 August 2021 (i.e., part way through the year).

Statement of Financial Performance of the Fund	For the period 1 Apr to 31 Mar 2022 \$'000	Statement of Financial Position of the Fund	As at 31 Mar 2022 \$'000
Investment income	702	Cash	124
Distributions received	568	Investments held at fair value <sup>1</sup>	7,521
Fees and expenses	(25)	Other Payables	(25)
<b>Net income before tax</b>	<b>1,245</b>	<b>Net assets</b>	<b>7,620</b>

<sup>1</sup> See Section 4 - *How the Booster Innovation Fund works* for more details of the valuation of investments.

For a summary of the Fund's investment exposures as at 31 July 2022, see Section 2 – *What the Booster Innovation Fund invests in*.

## Key risks of this investment

Investments in managed investment schemes are risky. You should consider whether the degree of uncertainty about the Fund's future performance and returns is suitable for you. The price of the Fund's units should reflect the potential returns and the particular risks of these units. We consider that the most significant risk factors that could affect the value of the Fund's units are:

**A business fails to successfully commercialise its intellectual property.** This is the risk that an early-stage company in which the Fund has invested does not meet expectations, resulting in a low investment return or total loss of capital invested, which may reduce the return of the Fund's portfolio overall.

**Higher volatility of returns than traditional equity investments.** Due to the high risk of early-stage businesses, their value can fluctuate widely over short timeframes, depending on the progress they make against their business plans, the confidence of their shareholders in the likelihood of their success, and the willingness of existing and potential investors to contribute more capital to continue to support the business. This means the value of investments may go up and down faster and further in comparison to investing in many other investment classes (including listed equities).

**Liquidity and withdrawal risk.** This is the risk that, due to the Fund facilitating limited and infrequent withdrawals, an investor is unable to sell their investment at a time that suits them or that when seeking to sell through the NZX they are unable to find a buyer, or that the NZX quoted price of the units is lower than the Unit Price, or in certain circumstances, trading of the Fund's units on the NZX is

suspended. This may affect the timing or value obtained by an investor wishing to sell their investment.

**Concentration of investments.** This is the risk that the value of the Fund's investment returns do not meet the long run expectations of a well diversified portfolio of early-stage investments due to the investments being concentrated in particular sectors, or concentrated in a particular stage of business development, or by holding a relatively small number of investments. Currently the Fund's investments are concentrated in a small number (25) of investments, of which eight are involved in different areas of the healthcare and medical sector. As a result, the returns of the Fund may be more volatile until the Fund grows and a more diversified portfolio (indicatively more than 40) is achieved. Concentration could also occur following a significant upward revaluation of an investment due to its success, resulting in a single company becoming a large portion of the Fund value.

**Valuation uncertainty.** This is the risk that the fair value of each of the investments is inherently uncertain due to the subjective nature of valuations, meaning our assessment of the fair value of the investments (reflected by the Unit Price) may be different to other assessments of the fair value of the Fund's investments and may impact an investor's ability to buy or sell units at their own assessment of the fair value.

**Capital contributions are insufficient to achieve diversification.** This is the risk that the Fund does not raise sufficient capital to allow it to obtain a diverse portfolio of investments within a reasonable timeframe.

This summary does not cover all of the risks. You should also read Section 6 – *Risks to returns from the Booster Innovation Fund*.



## What fees will you pay?

The table below summarises the fees and expenses that you will be charged to invest in this Fund. Further information about fees is set out in Section 7 – *What are the fees?*

A summary of the fees and expenses and the basis on which they are charged is:

Fee Category <sup>2</sup>	Fee Type and rate	Based on	Paid to
<b>Performance based fee</b>	Where the Fund's performance exceeds the hurdle rate of return (of 10% per annum), we are paid an annual performance-based fee (in units in the Fund) equal to 20% of the excess return.	Excess return above the hurdle rate of return.	Booster
<b>Capital raising expenses</b>	Direct expenses incurred in securing the commitment of future capital to the Fund such as brokerage or underwriting fees.	Actual expenses incurred.	External parties such as brokers.
<b>Other fund administration expenses</b>	Direct expenses of the Fund up to \$30,000 + GST per year may be charged to the Fund. These expenses include the costs related to the supervisor, audit, Fund related legal fees, NZX listing related fees and independent valuations. Any direct expenses above \$30,000 + GST per annum are paid by Booster.	Actual expenses incurred (capped at \$30,000 +GST per annum).	External parties such as the supervisor, auditor, valuers, NZX and legal advisers.
<b>Other fund administration expenses from underlying funds</b>	The Fund holds units in NZIB and may, in future, hold interests in other underlying funds. NZIB and these other underlying funds may also incur fund administration costs such as audit, independent valuations, legal fees and independent director fees (if any).  These are not subject to the \$30,000 + GST per annum cap referred to above.	Actual expenses incurred.	External parties such as the trustee/supervisor, auditor, valuers, legal advisers and independent directors (if any).
<b>Management fee</b>	No management fees are charged	n/a	n/a
<b>Withdrawal charge</b>	For withdrawals made directly from the Fund, a charge of 10% of the amount withdrawn will be applied. Note this charge does not apply where the Fund has made funds available for withdrawal from the proceeds of the sale of an investment, nor to sales of units on the NZX.	Value of amount withdrawn from the Fund	Retained by the Fund to cover the funding cost of the cash available for withdrawals.
<b>NZX brokerage fee</b>	If you buy or sell units in the Fund through an NZX Participant (such as a broker), they may also charge you a fee for their services.	Value of transaction (minimums may apply)	NZX Participant

We have not provided any prospective financial information in respect of this Fund, and as a result are unable to provide any estimates in respect of the performance-based fees to be charged. It is anticipated that total other fund administration expenses (including from underlying funds) of \$48,300 (plus GST) will be incurred for the current financial period.

<sup>2</sup> Goods and Services tax (GST) is not included in any of the fees stated. GST will be added to any fees where applicable, including to the performance-based fee.

Fees and expenses to 31 March 2022	As a dollar value	As a percentage of net asset value
Fees and expenses to be charged by the manager and its associated persons <i>Note – this is the performance-based fee accrued but not yet charged (and subject to change). The first measurement period and payment date for the performance-based fee was extended to 31 March 2023.</i>	\$177,000	2.30%
Fees and expenses charged by other persons <i>Includes costs paid to the supervisor, auditor, Fund related legal fees, independent valuations (direct and through underlying funds)</i>	\$46,000	0.60%
<b>Total</b>	<b>\$223,000</b>	<b>2.90%</b>

## How will your investment be taxed?

The Fund is a Listed PIE. The amount of tax that the Fund pays is calculated at the rate of 28% on its taxable income, which includes interest, dividends, and deemed dividends for foreign investments, but excludes capital gains it makes on the sale of its share interests. See Section 8 – *Tax* for more information.

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**At Booster, we're passionate about supporting New Zealand ingenuity and innovation, and creating funds that are available to all Kiwi investors.**

**— Allan Yeo**

New Zealand has a reputation for ingenuity and resourcefulness. This practical problem-solving mentality of the past has been replaced by modern day innovators and researchers seeking to solve global problems and build great businesses which gives the Fund the potential to positively impact the world we live in.

We believe it is important that we support these ambitious Kiwi businesses with funding that allows them to stay Kiwi owned for longer, so we can keep jobs and intellectual property here. We want to see these companies realise their growth potential in international markets and enhance their performance by providing them much needed investment capital.

Since 2018 we have invested in innovation originating from two universities, Victoria University of Wellington and University of Otago to build a diverse portfolio that can have a meaningful global impact. Through our investment partnerships, we have seen first-hand how our collective experience alongside our co-investors can help build these exciting businesses of the future.

The business activities of our current investment portfolio range from medical research aimed at improving human health and animal welfare, developing drug delivery technology and treating life threatening disease, improving anti-microbial properties of surfaces, reducing environmental impact, improving energy efficiency, improving crop yield through to developing software solutions.

We consider that a small allocation of higher risk/ potentially higher return investment opportunities such as in early-stage businesses is appropriate for Booster's long-term investment portfolios. And for that reason, we have made a long-term commitment to support more young businesses become sustainable, to build more valuable partnerships with research organisations and likeminded investors. Most importantly we are also providing all Kiwis the opportunity to invest in the future of these young companies, which are traditionally only available to wholesale investors. To demonstrate our commitment, we share in the investment returns when you do. We don't charge a base management fee. We will receive a performance-based fee if the performance of the fund exceeds 10% per annum.

The Fund is listed on the NZX. Traditionally, the lack of liquidity in investing directly in early-stage companies or in specialist investment funds has been a significant barrier for potential investors. While providing liquidity will continue to be challenging given the nature of the underlying investments, quotation on the NZX provides an important additional avenue for our investors.

By pooling funds and investing into these businesses together, we can help keep jobs and the financial benefits of innovation in New Zealand for longer and recycle Kiwi money back into great Kiwi businesses.

Allan Yeo  
Managing Director, Booster

## 2. What the Booster Innovation Fund invests in

### Key Features of the Fund

The Fund provides investors with an opportunity to invest in a specialised portfolio of early-stage companies founded on intellectual property originated or developed in New Zealand that are selected on the basis that they have the potential to become commercially successful globally.

The Fund aims to support the development of viable companies based on intellectual property that create high value jobs, exports and international opportunities for New Zealand. The Fund seeks to make it possible for these companies to continue to grow from New Zealand.

Research, summarised below, has shown that a portfolio of early-stage companies potentially delivers significantly higher returns than broader listed equity markets. The Fund's investment strategy is to seek to hold a diversified portfolio of early-stage businesses to maximise the potential for achieving such a return.

The Fund intends to invest in all stages of company development from formation through to being an established business (which are collectively referred to as 'early-stage' in this document):

#### Company formation (or sometimes referred to as 'seed').

This is the pre-revenue company establishment stage once the intellectual property is ready for commercialisation. It involves the employment of initial staff, formation of the Board, confirmation of the business model including product development, market validation and initiating

the company intellectual property strategy. Typically, the company secures initial investment in the order of \$1m and this takes the company through the first 18 months of its existence.

#### Early stage (or sometimes referred to as 'start-up').

This stage frequently involves more than one investment which provides funding for product development, pilot production, team expansion and the first sales. Capital funding typically provides the business with sufficient cash for 2-4 years.

#### Expansion (or sometimes referred to as Series A, B etc.)

At this stage the company has proven its technology and is seeking to expand its market share and scale its business operations and capability.

As a company progresses through these stages, its risk is normally reduced, particularly the technology and market risks, the time to profitability reduces, and valuations typically increase to reflect this.

The Fund's investments all have a common element – intellectual property originated or developed in New Zealand and are seeking to solve global problems and build great businesses which gives the Fund the potential to positively impact the world we live in. We (together with our co-investment partners) have strong networks and experience in both the public and private sector. We have established an initial portfolio of investments in biotechnology, chemistry, physics, engineering, materials science and data analytics.

### Investing in Early Stage Businesses

#### Investment Returns

Guidance on the return potential from early-stage private company investment can be taken at a high level by performance analysis of the (US) Refinitiv Venture Capital Index (previously known as the Thomson Reuters Venture Capital Index)<sup>3</sup>. While this established index is well diversified and focused on venture capital (which in the US can range from start-up companies through to listing or sale to a larger company), it does provide some insight into the enhanced risks and potential rewards of investing in this sector.

Since its inception in 1995, the Venture Capital Index has risen well ahead of the equivalent listed market (using the S&P 500 as a proxy), with the excess returns averaging 10% p.a. On a medium term (rolling 5 year) basis, the only notable period of the venture capital index underperforming the listed market was following the bursting of the 'technology bubble', where index returns were behind the S&P 500 for five-year periods ending between 2004 and 2007.

#### Investment Risks

Early-stage equity investing comes with higher risk on an individual company basis:

- **Volatility.** The data referred to above also showed that volatility of returns (the amount of annual variation of

returns) was on average approximately three times higher than for the listed equity market.

- **Failure Rate.** As an illustration of high failure rates in early-stage businesses, the United States National Venture Capital Association has estimated that 25%-30% of venture-backed businesses fail, while Harvard Business School research in 2012<sup>4</sup> estimated that 75% either fail or only partially return the capital committed by investors. Both are consistent with typical rules of thumb in venture capital investment, where two to three investments out of ten make some capital return and one or two out of ten investments would be expected to produce substantial returns, driving overall results.

Data from New Zealand Venture Investment Fund<sup>5</sup> is somewhat consistent and indicates that 28% of start-up investments fail after an average of 4 years. Therefore, there is a risk that you may not be able to recover your original investment in part or in whole and/or you may not receive the returns you expect due to the inherent risk of early-stage equity investment.

Diversification or investing in a diversified fund, is therefore key to ensuring the specific investment risk is adequately mitigated. We utilise our extensive professional networks to access investment opportunities to help build a diverse portfolio of investments.

<sup>3</sup> The (US) Refinitiv Venture Capital index is constructed based on observed valuations of venture-backed firms at discrete points in time, such as during funding rounds, acquisitions, and exits. The data is extended in a model which then provides more frequent estimates of value based on observable market indicators, and has a return history dating back more than 25 years. The NZ experience may differ from the US experience, although US investors are participants in the New Zealand venture capital market.

<sup>4</sup> The Wall Street Journal 19 September 2012 – The Venture Capital Secret: 3 Out of 4 Start-Ups Fail, quoting a research paper by Shikhar Ghosh, a senior lecturer at Harvard Business School.

<sup>5</sup> New Zealand Venture Investment Fund report – NZ early stage company investment valuations December 2018.



## Statement of Investment Policy and Objectives and Investment Strategy

The Statement of Investment Policy and Objectives (SIPO) of the Fund and its investment strategy are summarised below.

### Investment Objective

The Fund aims to provide investors with an exposure to a diversified specialised portfolio of early-stage companies founded on intellectual property originated or developed in New Zealand.

### Investment Strategy

The Fund will seek to invest in a diversified portfolio of investments in conjunction with a range of other specialist investors, across a range of different business sectors and stages of development to optimise the expected returns from early-stage investments.

The key elements of the Fund's strategy are:

- Partnering;
  - Diversification; and
  - Co-investing.
- **Partnering.** The Fund will seek to partner with entities that have expertise in developing and commercialising intellectual property. For example, we have a close relationship with Victoria University of Wellington and University of Otago (through NZIB) and are developing other similar relationships. We (together with our investment partners) have extensive experience and networks in the public and private research sectors in New Zealand, which gives the Fund greater visibility and access to investment opportunities as they arise.
  - **Diversification.** The Fund will seek to diversify its portfolio by investing in many businesses, and intend for those investments to be spread across a range of business sectors and technologies and across the different stages of a company's development. As we extend our professional networks with different entities that have specialised areas of focus or expertise, such as biotechnology, software or plant research, this provides increased diversification opportunities.
  - **Co-investing.** The Fund will seek to invest alongside other investors or companies with relevant expertise in the field of each new venture to provide the Fund access to additional investment opportunities and expertise. For example, we have formed a relationship with Matū, a New Zealand fund manager specialising in funding and supporting companies founded on scientific discoveries. Co-investing has the benefit of reducing risk (as a greater number of investments can be made with lower capital committed to any individual business) and reducing acquisition costs (as due diligence is performed by those with relevant expertise and shared across the partners).

Investment opportunities are identified either directly by us or via our investment partners and co-investors. Typically, we are reviewing an investment pipeline with over 40 investment opportunities at any point in time. We proactively engage our network to identify opportunities at regular pipeline meetings with co-investors, attendance at innovation and investment events and discussions with tech transfer and commercialisation offices at New Zealand's Universities and Crown Research Institutes.

The investments are assessed against a range of investment criteria that consider the quality of the New Zealand innovation, the quality of the company leadership, market access, the commitment obtained from a specialist third party investor and the capital required to build a sustainable business.

The Fund will balance allocations of capital between seed/early-stage investment rounds and subsequent expansion investment rounds to construct its portfolio. Seed/early-stage investment rounds into any one company will on average be at a lower amount than placements in expansion rounds, which could be up to two times higher. The Fund will have further information about a company's progress since the Fund's seed/early-stage investment and will be able to review the company's ability to deliver on its business plan. This will inform the Fund's subsequent investment decision to support companies that are demonstrating good progress against milestones. The Fund will typically allocate a larger portion of its total funds to expansion investment rounds compared to seed/early-stage investment rounds to help mitigate overall investment risk.

### Return Objective

The Fund aims to deliver a significant total rate of return (net of fees but before tax) that outperforms the NZX 50 Index over rolling 15-year periods.

### Investments

While the Fund's main investments are intended to be in New Zealand equity securities (including convertible notes and limited partnership interests), its permitted investments also include cash, cash equivalents or loans, and to invest overseas where the business is commercialising intellectual property originated or developed in New Zealand. The Fund can obtain these investment exposures either by investing directly in these investments, or indirectly by investing in NZIB and other underlying funds such as managed investment schemes and limited partnerships.

The Fund's benchmark asset allocation and ranges are as follows:

Sector <sup>6</sup>	Benchmark	Range
Cash and cash equivalents <sup>7</sup>	2%	0% - 100%
Equities <sup>7</sup>	98%	0% - 100%
Fixed Interest	0%	0% - 25%

As at the date of this document, the Fund's majority investment is in NZIB and it is through that investment that the Fund obtains exposures to NZIB's portfolio of early stage companies to meet the Fund's benchmark investment objective and strategy. For a summary of the Fund's investment exposures through NZIB as at 31 July 2022, see Section 2 – *What the Booster Innovation Fund invests in*.

### Borrowing

The Fund is not permitted to borrow, either directly or via its underlying funds, though this does not preclude the investee entities themselves from borrowing in the ordinary course of their business.

<sup>6</sup> The Fund can invest in these sectors either by investing directly in these investments, or indirectly by investing in NZIB and other underlying funds such as managed investment schemes and limited partnerships.

<sup>7</sup> The Fund may hold a large proportion of cash for a period of time following receipt of application monies as it seeks to acquire interests in businesses that meet the investment criteria of the Fund, or following the sale of an investment. Equities includes securities that provide an equity equivalent interest such as convertible notes and limited partnership interests.

## Changes to the SIPO and Investment Strategy

The SIPO and investment strategy for the Fund are reviewed on at least an annual basis by us or where a significant event has occurred that would necessitate a review, such as a change in legislation.

Any changes are formally approved by Booster's Investment Committee on advice from the Advisory Board for the Fund.

We may change the SIPO and the investment strategy from time to time without notifying you. We will consult with the Supervisor of the Scheme, Public Trust, and give them written notice of any changes before they take effect.

Investors will be advised of any material changes in the Scheme's annual report.

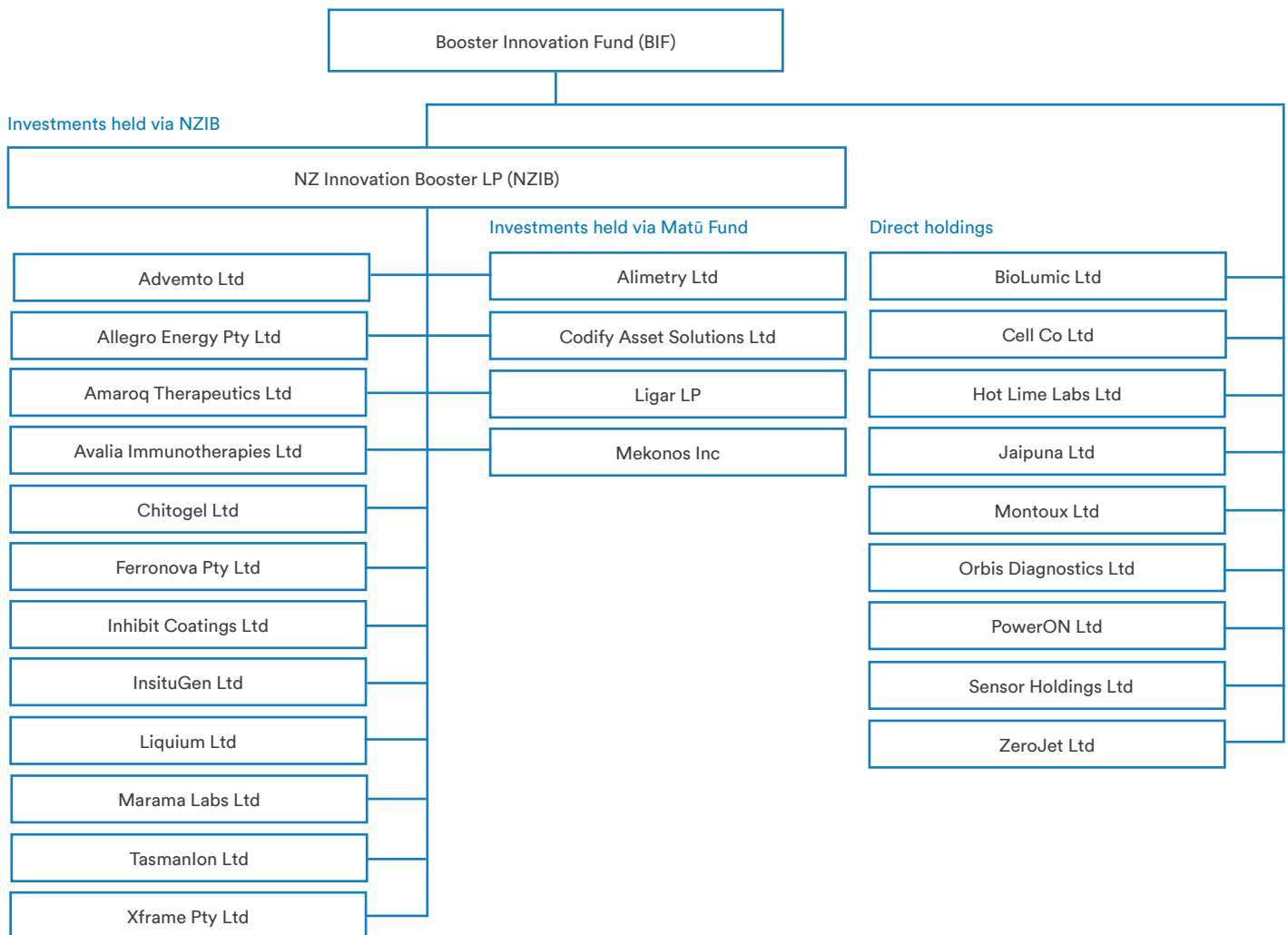
The most current version of the SIPO can be found on our website [www.booster.co.nz](http://www.booster.co.nz)

## Investment Structure

The Fund invests in a range of early-stage businesses either directly or via underlying funds.

For example, the Fund currently holds nine investments directly and its other investments are via units in NZIB.

The current investment structure of the Fund is outlined below:



Other underlying fund structures may be established as new relationships are formed for the origination of investments or to support investment partnering arrangements that the Fund may develop.

## Investments

A summary of the Fund's holdings as at 31 July 2022 is as follows:

Company	Business Sector	Business Sub-Sector	Business Development Stage
Advemto Limited <sup>8</sup>	Materials and technologies	Scientific Instrumentation	Seed
Alimetry Limited <sup>8,9</sup>	Life sciences and medical technologies	Screening and diagnostics – human health	Expansion
Allegro Energy Pty Limited <sup>8</sup>	Energy and clean technologies	Energy storage	Seed
Amaroq Therapeutics Limited <sup>8</sup>	Life sciences and medical technologies	Life sciences – human health	Seed
Avalia Immunotherapies Limited <sup>8</sup>	Life sciences and medical technologies	Life sciences – human health	Seed
BioLumic Inc	Materials and technologies	Agriculture technologies	Expansion
Cell Co Limited	Materials and technologies	Cellular agriculture	Seed
Codify Asset Solutions (CAS) Limited <sup>8,9</sup>	Information technology services	Building industry software	Early stage
Chitogel Limited <sup>8</sup>	Life sciences and medical technologies	Biotechnology – human health	Expansion
Ferronova Pty Limited <sup>8</sup>	Life sciences and medical technologies	Screening and diagnostics – human health	Expansion
Hot Lime Labs Limited	Energy and clean technologies	Carbon capture for horticulture	Early stage
Inhibit Coatings Limited <sup>8</sup>	Materials and technologies	Material coatings	Early stage
InsituGen Limited <sup>8</sup>	Life sciences and medical technologies	Screening and diagnostics – animal and human health	Expansion
Jaipuna Limited (trading as Amy.app)	Information technology services	Education technologies	Early stage
Ligar Limited Partnership <sup>8,9</sup>	Materials and technologies	Biotechnology materials	Expansion
Liquium Limited <sup>8</sup>	Energy and clean technologies	Ammonia production	Seed
Marama Labs Limited <sup>8</sup>	Information technology services	Software and measurement hardware	Early stage
Mekonos Inc <sup>8,9</sup>	Life sciences and medical technologies	Life sciences – human health	Expansion
Montoux Limited	Information technology services	Life and health insurances	Expansion
Orbis Diagnostics Limited	Life sciences and medical technologies	Screening and diagnostics – human health	Expansion

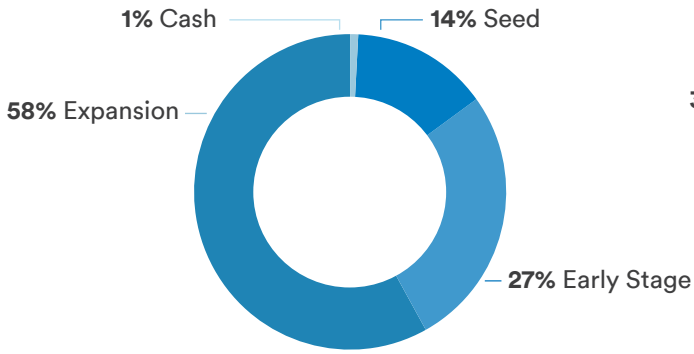
PowerON Limited	Materials and technologies	Soft robotics	Early stage
Sensor Holdings Limited (trading as StretchSense)	Information technology services	Augmented and virtual reality	Expansion
Tasmanlon Limited <sup>8</sup>	Energy and clean technologies	Energy storage	Seed
XFrame Pty Limited <sup>8</sup>	Materials and technologies	Construction materials	Early stage
ZeroJet Limited	Energy and clean technologies	Electric Systems	Expansion

<sup>8</sup> Investments are held indirectly via an interest in NZIB.

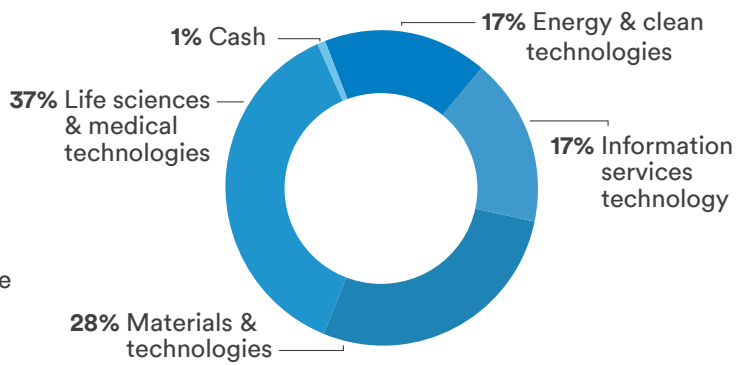
<sup>9</sup> Investments are held indirectly via NZIB which has an interest in the specific investees through an agreement with the Matū Karihi fund.



### Portfolio value by business stage

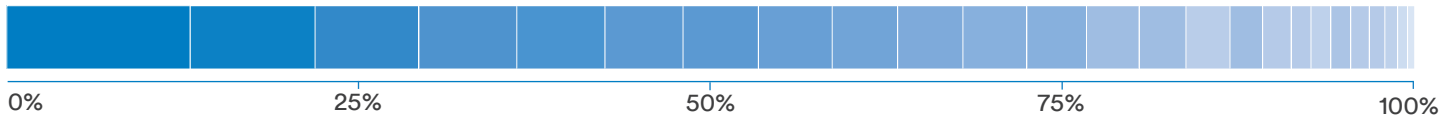


### Portfolio value by sector



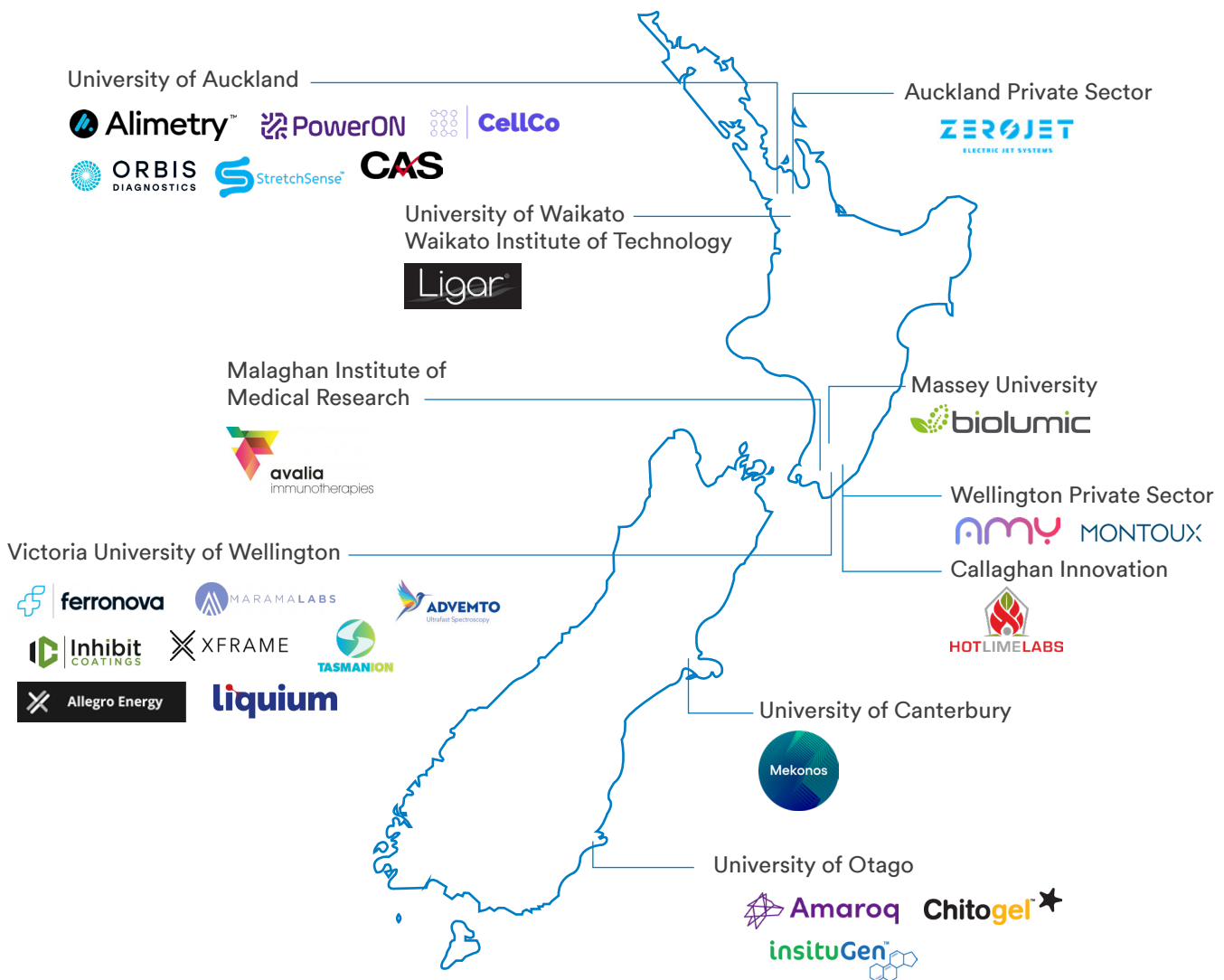
### Portfolio value by individual holding

This chart shows the relative size of each of the 25 investments in which the Fund held an interest in as at 31 July 2022 (as a proportion of NAV). Commercial confidentiality obligations restrict the identification of each investment.



The net asset value of the Fund at 31 July 2022 is \$10.6 million.

Each investment is founded on intellectual property and inventions from one of New Zealand's leading research institutions and New Zealand private sector.



Information on each of the investments held by the Fund as at the date of this document is provided below. Further information is available on the website of each of the companies, which you can reach by following the links below, or from our website at [www.booster.co.nz](http://www.booster.co.nz).

## Life Sciences and Medical Technologies Company Summaries

The Fund has holdings in the following companies developing technologies discovered in New Zealand to improve healthcare and patient outcomes.

### Alimetry Limited



Alimetry has developed a US FDA approved wearable, non-invasive medical device and software platform for the rapid and detailed diagnosis of a range of gastrointestinal (GI) disorders. Their objective measurement approach improves the traditional “symptoms approach” diagnostics, reducing uncertainties, time, and cost, to both patients and clinicians.

Developed at the University of Auckland’s Bioengineering Institute, Alimetry is built on more than a decade of fundamental research in both clinical and academic settings, led by Professor Greg O’Grady as CEO. The company is working closely with Key Opinion Leaders (KOLs) within the GI field to establish their presence within the market.

<b>Shareholding range</b>	0 - 5%
<b>Company establishment</b>	2019
<b>Sub-Sector</b>	Screening and diagnostics – human health
<b>Company stage</b>	Expansion
<b>Key people</b>	Greg O’Grady, Armen Gharibans
<b>Directors</b>	Armen Gharibans, Daniela McKenzie, Lovina McMurchy, Gregory O-Grady, Siro Perez
<b>Website</b>	alimetry.com
<b>Technology origin</b>	University of Auckland

### Amaroq Therapeutics Limited



Amaroq Therapeutics, a biotech spun out of University of Otago, is advancing its programs to develop next-generation RNA therapy to target cancer.

The Amaroq Therapeutics team, led by Chief Scientific Officer and founder, Dr Sarah Diermeier, are exploring the use of lncRNA molecules as therapeutic targets and diagnostic markers in the treatment of cancer. They will be working on therapies to treat common cancers such as breast, colorectal and liver cancer.

The study of long non-coding RNAs (lncRNAs), often referred to as “dark matter” of the genome, are molecules naturally present in cells. They have become a focus of research globally as they can act as key cell regulators despite not coding for proteins.

<b>Shareholding range</b>	5 -10%
<b>Company establishment</b>	2021
<b>Sub-Sector</b>	Life sciences – human health
<b>Company stage</b>	Seed
<b>Key people</b>	Dr Sarah Diermeier, Phil Kearney
<b>Directors</b>	David Christensen, Duncan Mackintosh, Alex Tickle
<b>Website</b>	amaroqtx.com
<b>Technology origin</b>	University of Otago

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## Avalia Immunotherapies Limited

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Avalia's proprietary vaccine and immunotherapy platform generates robust and targeted immune responses for the prevention and treatment of infectious disease and cancer. Avalia's platform is patent protected with over 25 granted patents around the world.

The company's lead product AVA2100 is targeting a cure for the 250+ million people living with chronic hepatitis B infection – a liver-related disease. With no effective cure, chronic hepatitis B can lead to cirrhosis of the liver, liver cancer and the requirement for a liver transplant, and globally results in 1 million deaths per annum.

Through collaborations, Avalia is also developing a pipeline of treatment vaccines and new immune-targeting treatments for cancer.

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<b>Shareholding range</b>	10 - 15% (including convertible notes)
<b>Company establishment</b>	2015
<b>Sub-Sector</b>	Life sciences – human health
<b>Company stage</b>	Seed
<b>Key people</b>	Dr Ian Hermans, Dr Gavin Painter
<b>Directors</b>	Tim Bennett, Dr Shivali Gulab
<b>Website</b>	avaliaimmunotherapies.com
<b>Technology origin</b>	Victoria University of Wellington and Malaghan Institute of Medical Research

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## Chitogel Limited

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Chitogel is a medical device company with an advanced manufacturing facility based in Lower Hutt. They sell medical kits in multiple international markets that optimise the wound healing environment and improve patient outcomes following sinus surgery.

Originating from University of Otago research, Chitogel's developments are backed by over 10 years of research and clinical evidence, including 17 published studies and scientific papers and the observation of successful outcomes of sinus surgeries.

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<b>Shareholding range</b>	0 - 5%
<b>Company establishment</b>	2014
<b>Sub-Sector</b>	Biotechnology – human health
<b>Company stage</b>	Expansion
<b>Key people</b>	Blair Stewart, Stephen Meyer
<b>Directors</b>	Simon Robinson, Philip Royal, Nickolaos Samaras, Peter Wormald
<b>Website</b>	chitogel.com
<b>Technology origin</b>	University of Otago

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## Ferronova Pty Limited

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Ferronova is a cancer diagnostics company, developing surgical oncology tracer systems for improving the staging of complex cancers.

More than 40% of people will be diagnosed with cancer during their lifetime. Successful cancer treatment relies on accurate staging of how far, and where cancer has spread from a primary tumour. Studies in colorectal cancer show up to 27% of patients with early-stage disease have micro-metastasis in lymph nodes that are currently undetected.

Ferronova's injectable magnetic and fluorescent tracers are designed to less invasively, more quickly, and more accurately map the pathways of the spread of cancer to lymph nodes.

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<b>Shareholding range</b>	0 - 5%
<b>Company establishment</b>	2016
<b>Sub-Sector</b>	Screening and diagnostics – human health
<b>Company stage</b>	Expansion
<b>Key people</b>	Stewart Bartlett
<b>Directors</b>	John Parker, Paul Butler, Tamara Mills
<b>Website</b>	ferronova.com.au
<b>Technology origin</b>	Victoria University of Wellington, University of South Australia and University of Sydney

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## InsituGen Limited

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InsituGen has developed a new testing platform for the detection of anabolic drugs in biological samples. Their tests can be used to detect performance enhancing drug use in animals, human athletes and food sources such as nutritional supplements.

The initial product focus for its technology is directed towards detecting doping in the equine industry and they have partnered with Berlinger Special AG, a global supplier of doping control equipment to extend their market reach.

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<b>Shareholding range</b>	10 - 15%
<b>Company establishment</b>	2020
<b>Sub-Sector</b>	Screening and diagnostics – animal and human health
<b>Company stage</b>	Expansion
<b>Key people</b>	Dr Stefan Blickling, Alison Heather
<b>Directors</b>	Stefan Blickling, David Christensen, Oliver Gehrig, Gary Pace, Roland Toder
<b>Website</b>	insitugen.com
<b>Technology origin</b>	University of Otago

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## Mekonos Inc

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Mekonos is focused on improving how drugs are delivered to patients and enabling highly-potent cell therapy approaches. This is being achieved with their custom-developed silicon chips, each holding thousands of individually moving nano-needles, which are used to carry drug cargo that can be injected into the nucleus of cells. This can help to improve uptake and reducing waste.

The initial concept originated from a PhD project at the University of Canterbury. Founding stakeholders determined that the company needed to be based in the US, where major innovations in cell therapy are being developed to advance its commercialisation.

<b>Shareholding range</b>	0 - 5%
<b>Company establishment</b>	2016
<b>Sub-Sector</b>	Life sciences – human health
<b>Company stage</b>	Expansion
<b>Key people</b>	Anil Narasimha
<b>Directors</b>	Kurt Keilhacker, Anil Narasimha, Neil Tiwari
<b>Website</b>	mekonos.com
<b>Technology origin</b>	University of Canterbury

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## Orbis Diagnostics Limited

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Orbis is addressing global healthcare challenges by making personalised diagnostic testing simple and accessible in multiple settings.

The Orbis Arca is a minimally invasive microfluidic device, that is web-enabled, and uses small samples for a range of diagnostic tests, at the point of care.

The company is working with pharmacy chains and partners to bring its tests to market in New Zealand and overseas.

<b>Shareholding range</b>	0 - 5%
<b>Company establishment</b>	2016
<b>Sub-Sector</b>	Screening and diagnostics – human health
<b>Company stage</b>	Expansion
<b>Key people</b>	Damien Camp, Miriam Cather Simpson, David Williams
<b>Directors</b>	Vijay Aggarwal, Allan Goldberg, Kieran Jina, Miriam Cather Simpson, Sarah Park
<b>Website</b>	orbisdiagnostics.com
<b>Technology origin</b>	University of Auckland

## Information Technology Services Company Summaries

The Fund has holdings in the following companies developing software solutions to maximise the use of data to improve customer outcomes and value.

### Codify Asset Solutions Limited



Codify Asset Solutions (CAS) has developed a software platform that automates compliance, management, and auditing in a transparent manner based on open standards.

Developed out of research at the University of Auckland's School of Computer Science, CAS is initially focusing on the AECO (Architecture, Engineering, Construction, Operations) industries, supporting the ISO-standard BIM (Building Information Modelling) and other open standards. The core of CAS software solutions, ACABIM, is a computational engine that can perform complex calculations and navigate through regulations and standards in a verifiable manner. It can be used to automatically check various aspects of a building design model against regulatory requirements for compliance. This can reduce costs and improve productivity in the industry. ACABIM has been incorporated into several software solutions by CAS to assist with land development, planning through to construction, facilities operations, and asset management.

<b>Shareholding range</b>	0 - 5%
<b>Company establishment</b>	2018
<b>Sub-Sector</b>	Building industry software
<b>Company stage</b>	Early stage
<b>Key people</b>	Johannes Dimyadi
<b>Directors</b>	Robert Amor, Craig Brown, Kenneth Erskine
<b>Website</b>	cas.net.nz
<b>Technology origin</b>	University of Auckland

### Jaipuna Limited (trading as Amy.app)



The AI Behind Smart Learning

The team at Jaipuna have developed a private tutoring software platform, Amy, for maths which is underpinned by artificial intelligence. This aims to make learning maths easy for everyone. Amy supports learning by giving students feedback and automatically filling their knowledge gaps as they learn.

The company's mission is to democratise education and make learning maths and other subjects easier for everyone around the world. They also work with other education providers and companies and embed Amy into their systems to reach more students.

<b>Shareholding range</b>	0 - 5%
<b>Company establishment</b>	2014
<b>Sub-Sector</b>	Education technologies
<b>Company stage</b>	Early stage
<b>Key people</b>	Raphael Nolden, Dr Jurgen Brandstetter
<b>Directors</b>	David Moskovitz, Raphael Nolden
<b>Website</b>	amy.app
<b>Technology origin</b>	Private sector

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## Marama Labs Limited

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Marama Labs develops scientific hardware and data analytics solutions to help industrial customers, such as wineries, improve the quality of their products.

At the core of Marama Labs' platform is its spectrophotometer, the CloudSpec, that accurately analyses light spectra in cloudy liquids.

The device can measure components of wines, such as colour and mouthfeel, at early production phases of winemaking, which has previously been difficult to do. The CloudSpec data gives winemakers insights on their wines throughout production, allowing them to monitor and control wine style and tailor their wine styles towards consumer preferences.

Over time, Marama Labs aims to expand to other markets where it is critical to understand the underlying chemistry of a cloudy liquid (e.g. beverages, pharmaceuticals, and wastewater).

<b>Shareholding range</b>	10 - 15%
<b>Company establishment</b>	2019
<b>Sub-Sector</b>	Software and measurement hardware
<b>Company stage</b>	Early stage
<b>Key people</b>	Dr Brendan Darby, Dr Matthias Meyer, Prof Eric Le Ru
<b>Directors</b>	Mark Bregman, Charles Wardman, Eric Le Ru, Maria Jose Alvarez Benavides
<b>Website</b>	maramalabs.com cloudspec.co.nz
<b>Technology origin</b>	Victoria University of Wellington

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## Montoux Limited

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Montoux provides its actuarial automation and decision science platform specifically designed for life and health insurers. Their software platform combines actuarial science, data science, and AI-based optimisation algorithms, helping insurers drive value in new business and in-force portfolios while supporting them to operate smarter, faster, and leaner.

Legacy actuarial systems and workflows can limit life and health insurers' ability to make data-driven decisions and meet modern customers' expectations. Montoux's Actuarial Automation and Decision Science platform helps insurers to leverage cutting-edge technology and new data sources to improve commercial results and optimize actuarial resources.

Customers include several major insurance providers across the United States, Asia Pacific, and the United Kingdom.

<b>Shareholding</b>	0 - 5%
<b>Company establishment</b>	2012
<b>Sub-Sector</b>	Life and health insurance
<b>Company stage</b>	Expansion
<b>Key people</b>	Geoff Keast, Klaas Stijnen, Gert Verhoog
<b>Directors</b>	Allan Dawson, Ian Knowles, Klaas Stijnen, Sergio van Dam, Claudia van der Salm
<b>Website</b>	montoux.com
<b>Technology origin</b>	Private sector

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## Sensor Holdings Limited (trading as StretchSense)

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StretchSense produces motion capture gloves that combine stretchable sensors and machine learning to provide finger tracking for the animators and game developers building the future of virtual worlds and the metaverse.

The soft stretchable sensors used in the company's products were originally developed at University of Auckland. Stretch sensors are used for measuring the subtle movements of the human body as they are highly accurate and do not suffer from occlusion, drift or magnetic interference — factors that limit the effectiveness of other types of motion capture sensors.

Headquartered in New Zealand, the team also have international presence in Los Angeles, Seattle and Edinburgh to provide close support for their customers in North America and Europe. They also work with industry representatives in China and Japan to support growing demand for their quality motion capture technology in those regions.

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<b>Shareholding range</b>	0 - 5% (being the estimated holding following conversion of notes).
<b>Company establishment</b>	2019
<b>Sub-Sector</b>	Augmented and virtual reality
<b>Company stage</b>	Expansion
<b>Key people</b>	Ben O'Brien, Todd Gisby
<b>Directors</b>	Iain Anderson, John Kells, Benjamin O'Brien, Chintaka Rangatunga, Michael Kelly
<b>Website</b>	stretchsense.com
<b>Technology origin</b>	University of Auckland

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## Materials and Technologies Company Summaries

The Fund has holdings in the following companies developing novel materials, technologies and systems that have uses in multiple industries.

### Advemto Limited



Advemto is developing ultrafast spectroscopy tools. Spectroscopy is used in virtually all fields of science and technology to investigate and explore the nature and properties of matter. Ultrafast spectroscopy uses extremely short light pulses to measure fast dynamics.

Their spectrometers reduce the time it takes to collect data from many hours or days down to just minutes, while allowing measurement dynamics in proteins, as well as solar cells, LEDs, and photonics materials.

The company is currently selling to academic groups and has established distribution with an international distributor to expand their reach internationally.

<b>Shareholding range</b>	15 - 20%
<b>Company establishment</b>	2022
<b>Sub-Sector</b>	Scientific instrumentation
<b>Company stage</b>	Seed
<b>Key people</b>	Professor Justin Hodgkiss, Peter Lai
<b>Directors</b>	Andrew Chen, Justin Hodgkiss, Xia Huang
<b>Website</b>	advemto.com
<b>Technology origin</b>	Victoria University of Wellington

### BioLumic Inc



BioLumic uses UV light signals to unlock the natural genetic potential of seeds and seedlings—without requiring use of chemicals or genetic modification.

BioLumic's technology, originating from Massey University, triggers biological mechanisms that have demonstrated increases in plant yield, vigour, and disease resistance. With global food demand increasing significantly, this is expected to be an important advancement in food production methods.

In soybean seeds, the company has shown it can use light signals to help produce traits and yield benefits that stack onto other treatments. In medical cannabis crops, the company's products have been shown to increase yield by over 40%.

<b>Shareholding range</b>	0 - 5%
<b>Company establishment</b>	2012
<b>Sub-Sector</b>	Agriculture technologies
<b>Company stage</b>	Expansion
<b>Key people</b>	Steve Sibulkin, Jason Wargent
<b>Directors</b>	John Bedrock, Mary-Katherine Dimou, Mark Brown, Adrian Percy, Steven Sibulkin, Dean Tilyard
<b>Website</b>	biolumic.com
<b>Technology origin</b>	Massey University

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## Cell Co Limited

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# CellCo

Cell Co, produces living and non-living ingredients for the production of the fast growing cultivated meats sector.

The company has identified a gap in the market - the need for high quality, fully characterised, commercial grade cells to support the rapid growth of the alternative meats sector.

There is currently limited access to commercial cell lines and companion products for cultivated meat production, meaning companies must develop cell lines from scratch, and the industry currently has no standardisation in a research and commercial context and capability to deliver is currently limited.

The team aim to address the limiting factors in scaling production of cultivated meats and providing New Zealand cell lines that are sourced from high health status livestock, decreasing regulatory barriers with an immediate focus on GMO-free products.

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<b>Shareholding range</b>	0 - 5%
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<b>Company establishment</b>	2022
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<b>Sub-Sector</b>	Cellular agriculture
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<b>Company stage</b>	Seed
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<b>Key people</b>	Laura Domigan, Olivia Ogilvie, Vaugh Feisst
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<b>Directors</b>	Laura Domigan, Olivia Ogilvie, Andrew Chen, Shivali Gulab
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<b>Technology origin</b>	University of Auckland
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## Inhibit Coatings Limited

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# Inhibit COATINGS

Microbial contamination is a deadly issue. Inhibit Coatings is on mission to save lives by preventing the spread of dangerous pathogens in hygienic environments.

Inhibit Coatings produces highly effective antimicrobial surface coatings. These coatings work to inhibit the growth of microbial contamination and outbreaks in facilities with high hygiene and sanitisation requirements such as food and beverage, healthcare, and transport.

Inhibit Coatings works with end-users and suppliers to develop antimicrobial coatings for a range of applications including flooring, walls, textiles, and filters.

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<b>Shareholding range</b>	0 - 5%
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<b>Company establishment</b>	2016
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<b>Sub-Sector</b>	Material coatings
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<b>Company stage</b>	Early stage
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<b>Key people</b>	Eldon Tate
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<b>Directors</b>	Hayden Nicholson, Tijs Robinson, James Johnston
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<b>Website</b>	inhibitcoatings.com
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<b>Technology origin</b>	Victoria University of Wellington
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## Ligar Limited Partnership

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Ligar is commercialising a technology called Molecularly Imprinted Polymers (MIPs), which allow for high-selectivity capture, filtering, and extraction of molecules at scale. With versatile applications, including pollution and contaminant removal, flavour and substance rebalancing, high-value molecule extraction, and compound quality improvement, Ligar has market application across multiple industries.

Originally developed at Waikato Institute of Technology (Wintec) and the University of Waikato, Ligar currently targets three global applications including removing smoke taint from wine, decaffeination and sugar rebalancing processes, and cannabinoid extraction. The company's technology is protected by patents and trade secrets, with opportunities in the future for further filings.

<b>Shareholding range</b>	0 - 5%
<b>Company establishment</b>	2015
<b>Sub-Sector</b>	Biotechnology materials
<b>Company stage</b>	Expansion
<b>Key people</b>	Aiden Tapping (MD)
<b>Directors</b>	Simon Lovatt, Craig McFarlane, Aiden Tapping, Andrew West (Chair)
<b>Website</b>	ligar.nz
<b>Technology origin</b>	University of Waikato Waikato Institute of Technology

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## PowerON Limited

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PowerON's soft, multifunctional robotic structures aim to revolutionize robots and their future uses. Enabling soft, friendly, lifelike robots with a sense of touch can interact with users and their environment more naturally.

PowerON's proprietary technology can open up new products and applications, not only in robotics, but in automation, e-commerce, agritech, and medical.

PowerON's vision is to enable the use of intelligent robots and soft devices in daily life, at work and at home; where physicians, physiotherapists and nurses can train with life-like models of the human body; where prosthetics do not hurt after an entire day of wear and feel like natural limbs; and where industrial workers will be supported by biomimetic robots that are accepted as real helpers, not cold, unfriendly, machinery.

<b>Shareholding range</b>	5 - 10%
<b>Company establishment</b>	2019
<b>Sub-Sector</b>	Soft robotics
<b>Company stage</b>	Early stage
<b>Key people</b>	Ernst-Friedrich Markus Henke, Katherine Elizabeth Wilson
<b>Directors</b>	Stephen Flint, Ross Green, David Hemmi, Gregory Sitters
<b>Website</b>	poweron.one
<b>Technology origin</b>	University of Auckland



XFrame™ is a recoverable and reusable framing system for the next generation of sustainable building construction. XFrame™ aims to replace the current waste-creating approach of platform timber framing with a structure that enables all adjoining wall layers (things like internal wall linings, insulation and cladding) to be connected in a reversible manner that maintains building integrity.

The XFrame™ product makes recovering and separating building materials fast and easy and it aims to become financial best practice to recover and reuse XFrame™ materials rather than dispose of them.

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<b>Shareholding range</b>	5 - 10%
<b>Company establishment</b>	2020
<b>Sub-Sector</b>	Construction materials
<b>Company stage</b>	Early stage
<b>Key people</b>	Ged Finch, Carsten Dethlefsen
<b>Directors</b>	Brett Jackson, Carsten Dethlefsen
<b>Website</b>	<a href="http://xframe.com.au">xframe.com.au</a>
<b>Technology origin</b>	Victoria University of Wellington

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## Energy and Clean Technologies Company Summaries

The Fund has holdings in the following companies developing novel materials and technologies to improve the production, use or storage of energy and other clean technologies.

### Allegro Energy Pty Limited



Allegro Energy are developing safe, clean and green energy storage solutions for use in range of applications, including electric mobility (scooters and bicycles), in power grid stabilisation settings and for enabling uninterrupted power supply.

The patented invention, originally developed at Victoria University of Wellington is a water-based electrolyte system that has overcome voltage limitations that typically hinder other solutions.

<b>Shareholding range</b>	0 - 5%
<b>Company establishment</b>	2021
<b>Sub-Sector</b>	Energy storage
<b>Company stage</b>	Seed
<b>Key people</b>	Thomas Nann, Fraser Hughson, Rohan Borah
<b>Directors</b>	Thomas Nann, Fraser Hughson, Rohan Borah
<b>Website</b>	allegro.engery
<b>Technology origin</b>	Victoria University of Wellington

### Hot Lime Labs Limited



Hot Lime Labs are developing CO<sub>2</sub> capture solutions for high tech, hydroponic greenhouses that produce food crops. Growers currently add CO<sub>2</sub> gas to feed plants, increasing yields by up to 25%, however current CO<sub>2</sub> demand outstrips supply and costs are rising worldwide.

Hot Lime Labs' technology uses patented limestone pellets combined with novel engineering to produce sustainable CO<sub>2</sub>. This allows growers to reduce their carbon footprint while being more cost-effective, providing a green alternative to the traditional fossil-based sources of CO<sub>2</sub>, natural gas and liquid CO<sub>2</sub>.

<b>Shareholding range</b>	0 - 5%
<b>Company establishment</b>	2014
<b>Sub-Sector</b>	Carbon capture for horticulture
<b>Company stage</b>	Early stage
<b>Key people</b>	Vlatko Materic, Tijs Robinson, Mohammad Nusheh
<b>Directors</b>	David Williams, Garry Bluett, Vlatko Materic
<b>Website</b>	hotlimelabs.com
<b>Technology origin</b>	Callaghan Innovation

## Liquium Limited



Ammonia production is one of the largest chemical industrial processes. The current 100-year-old Haber-Bosch process to produce ammonia has a large carbon footprint requiring extremely high temperatures and high pressures and harsh feedstock for production. Due to the harsh reaction conditions and feedstock sources, Liquium estimates that for each tonne of ammonia produced this results on average three tons of carbon dioxide emission.

Liquium is on a mission to scale and develop its novel catalyst to produce ammonia in a more efficient, lower cost and decentralized manner that will facilitate the deployment of the hydrogen economy alongside renewable energy and potentially supply the maritime sector with an alternative clean liquid fuel.

The immediate focus for Liquium is to demonstrate significant scale of ammonia production and build partnerships with key stakeholders in the ammonia, hydrogen, renewable energy, and maritime sectors.

**Shareholding range** 5 - 10%

**Company establishment** 2022

**Sub-Sector** Ammonia production

**Company stage** Seed

**Key people** Franck Natali, Jay Chan, Paul Geraghty

**Directors** Miriam Anne Barnett, Franck Natali, Greg Sitters, John Worth

**Website** liquium.nz

**Technology origin** Victoria University of Wellington

## Tasmanlon Limited



**TASMANION**

Tasmanlon is developing aluminium ion batteries for use in grid storage and portable applications. The materials being used are potentially more sustainable as they will not rely on diminishing supplies of cobalt and lithium.

The advantage of using aluminium ion batteries against other available options (lithium ion) is the cheaper and more available raw material.

**Shareholding range** 5 - 10%

**Company establishment** 2021

**Sub-Sector** Energy storage

**Company stage** Seed

**Key people** Shalini Divya, Thomas Nann

**Directors** James Johnston, Stuart McKenzie, Ashwath Sundaresan

**Website** tasmanion.com

**Technology origin** Victoria University of Wellington





Zero Jet was established to develop electric propulsion systems to eliminate the need for combustion engines on small watercraft.

ZeroJet estimate a significant reduction in environmental impact can be achieved with their systems.

The company will work with boat builders locally and internationally to expand and develop systems for larger tender boats to eliminate the need for combustion engines on small watercraft.

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<b>Shareholding range</b>	0 - 5%
<b>Company establishment</b>	2015
<b>Sub-Sector</b>	Electric systems
<b>Company stage</b>	Expansion
<b>Key people</b>	Rebecca Rempel, Neil Mans
<b>Directors</b>	Neil Mans, Rebecca Rempel, Mark Robotham, Mark Stuart
<b>Website</b>	zerojet.com
<b>Technology origin</b>	Private sector

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## Acquisition of Investments since 31 March 2022

### Units in NZ Innovation Booster Limited Partnership (NZIB)

An additional follow-on investment in Alimetry Limited was made on 19 July 2022, relating to a further capital raise by the company, by purchasing additional units in NZIB.

An additional follow-on investment in InsituGen Limited was made on 20 July 2022, relating to a capital raise by the company, by purchasing additional units in NZIB.

A new investment in Advemto Limited was made on 10 June 2022 relating to a capital raise by the company, by purchasing additional units in NZIB.

A new investment in Liquium Limited was made on 15 July and 20 July 2022, relating to a capital raise by the company by, purchasing additional units in NZIB.

The units in NZIB acquired since 31 March 2022 are valued at \$1.257 million at 31 July 2022.

An independent valuation has not been obtained in respect of the acquisition of these investments as we (in conjunction with NZIB) consider we have sufficient information and expertise to assess their value. A specific review of the investment valuations was performed by NZIB and us in anticipation of the purchase of the units in NZIB by the Fund, applying the valuation approach outlined in Section 4 - *How the Booster Innovation Fund works*.

### ZeroJet

The interest in ZeroJet Limited was purchased on 3 May 2022 and 1 July 2022 following a capital raise by the company. This investment is valued at \$574,464 at 31 July 2022.

### Orbis Diagnostics Limited

The interest in Orbis Diagnostics Limited was purchased on 20 May 2022 following a capital raise by the company. This investment is valued at \$250,008 at 31 July 2022.

### Hot Lime Labs

The interest in Hot Lime Labs Limited was purchased on 1 July 2022 following a capital raise by the company. This investment is valued at \$361,000 at 31 July 2022.

### Cell Co Limited

The interest in Cell Co Limited was purchased on 12 July 2022 following a capital raise by the company. This investment is valued at \$125,000 at 31 July 2022.

An independent valuation has not been obtained in respect of these investments as we (in conjunction with our co-investors) consider we have sufficient information and expertise to assess their value when applying our valuation approach outlined in Section 4 – *How the Booster Innovation Fund works*.

## Our Investment Partners

A key element of the Fund's strategy is to establish strong partnerships with entities that have expertise in developing and commercialising intellectual property.

We have formalised a partnering relationship with the following entities:

### Wellington UniVentures, the commercialisation company of Victoria University of Wellington

- Victoria University of Wellington supports the commercialisation of intellectual property through a

dedicated company – Victoria Link Limited (trading as Wellington UniVentures) which has been operating for nearly 30 years.

- Wellington UniVentures support the commercialisation of university owned intellectual property arising from research, provides financial support and specialist expertise to develop and de-risk university originated innovations and works with the innovators to commercialise developments. Wellington UniVentures has a substantial pipeline of innovations and potential new start-ups.
- In July 2018, NZ Innovation Booster Limited Partnership (NZIB) was established between Wellington UniVentures and Booster Financial Services Limited. The partnership was established to introduce privately sourced funding and allow Wellington UniVentures to recycle its capital into further developing the emerging pipeline of intellectual property innovations at Victoria University of Wellington.
- The NZIB board (which has representatives from both Wellington UniVentures and Booster Financial Services Ltd) is responsible for assessing and monitoring investment opportunities on behalf of the limited partners (of which this Fund is one).
- The Fund, through its interest in NZIB, has an interest in several businesses originating from Victoria University of Wellington.

### Otago Innovation Limited, the technology office of University of Otago

- Similarly to Victoria University of Wellington, University of Otago supports the commercialisation of technology through Otago Innovation Limited (OIL). OIL has a similar pipeline of potential investments to Wellington UniVentures.
- OIL subsequently joined NZIB as a partner in April 2020 for the same purpose in respect of University of Otago intellectual property.
- The Fund, through its interest in NZIB, also has an interest in several businesses originating from University of Otago.

The NZIB partnership is a unique and very valuable relationship to the Fund. It provides the Fund with a source of regular investment opportunities, each of which are known by and have received active support from the relevant university commercialisation companies who have expertise relevant to the business.

### Matū

- Matū Karihi (Matū) is a venture capital fund that specialises in investing in early-stage companies involved in science and technology.
- In 2021, Matū and NZIB entered an agreement to beneficially hold shares in specific businesses on behalf of each other. These interests have been assigned to the Fund. The Fund therefore beneficially holds an interest in Mekonos Inc., Codify Asset Solutions Ltd, Ligar LP, and Alimetry Ltd.
- Matū and the Fund have also established a partnership to syndicate, and each directly invest in new opportunities together, with the first such investment being PowerON Ltd.

None of Wellington UniVentures, OIL or Matū receive any consideration directly or indirectly related to the partnering arrangements with us, nor hold units directly in the Fund.

We also have strong collaborative relationships and

informal networks with a number of other organisations and investors that specialise in incubating and supporting early-stage businesses.

## Management of the Fund

As manager, we are responsible for managing the day-to-day activities required for the Fund. These duties include:

- managing the investments of the Fund in accordance with the SIPO;
- through its investment partners, co-investor network and broader professional network, identifying investment opportunities for the Fund;
- assessing the credentials and experience of investment partners and co-investors;
- assessing investment performance and valuations of existing investments in conjunction with investment partners;
- assessing investment opportunities against the Fund's investment criteria in conjunction with investment partners;
- investor communications;
- administration of the unitholder register; and

- compliance with relevant legislation and regulations. We have established a professional and highly experienced team to manage this Fund:

- **The manager's Board of Directors** takes overall responsibility for the Fund.
- **The Investment Committee** is responsible for the Fund's investment strategy, including establishing and monitoring relationships with investment partners, portfolio allocation, and investment decisions and ongoing monitoring for direct investments. Investment decisions and monitoring is delegated to a specialised investment sub-committee to reflect the specialist expertise required in this sector.
- **The Advisory Board** provides oversight and support to the management team and advises the Investment Committee and Board on investment opportunities, investment partners, investment strategy and valuations.
- **The Management Team** comprises the key people involved in the critical day to day operation of the Fund. Where required, the Management team can provide direct support and assistance to the investee companies.

## The manager's Board of Directors



**John Selby, Mt Maunganui**

*BC, CA (NZ Institute of Chartered Accountants), Member of NZ Institute of Directors*

John is the Chair and an independent director. He brings a wealth of experience from his 37-year career with PricewaterhouseCoopers, of which 25 years was as a partner in advisory and assurance. John has experience across a range of industries, including financial services and currently holds a number of governance roles. This includes Wellington UniVentures, the company that supports the commercialisation of innovation developed within Victoria University of Wellington, and NZ Innovation GP Ltd, the general partner of NZIB.



**Allan Yeo, Brisbane Australia**

*BCA (Hons), BA*

Allan is a director and the Managing Director of our parent company, Booster Financial Services Limited. He has held a number of senior banking roles with Barclays Bank PLC in New Zealand, Australia and the United Kingdom and was previously the Managing Director of Tranzact Financial Services Limited, which was an ASX listed company.



**Paul Foley, Wellington**

*BCA/LLB, Chartered Fellow, NZ Institute of Directors*

Paul is a director and the Chair of the board of directors of our parent company, Booster Financial Services Limited. Paul is a consultant with MinterEllisonRuddWatts. He has over 30 years' experience working with companies in the financial services, manufacturing and energy fields and is a past director of NZX and ASX listed companies.



**Bruce Edgar, Wellington**

*BCA*

Bruce is a director and has over 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.



**Melanie Templeton, Wellington**

*Bachelor of Business Information – Marketing and Communications*

Mel is an independent director, and has a strong background in governance, risk and assurance and regulatory compliance as well as significant experience in financial services, specifically around fintech and retail banking.

## The Advisory Board



**Jenny Morel, Wellington**

*MA, BSc*

Jenny is the Chair of the Advisory Board. Following a number of years in investment banking, Jenny established her own mergers and acquisitions company working with young high growth technology companies with global ambitions. She then moved into venture capital and during the past 20 years, Jenny has been an investor and director of many early stage businesses, and has developed a strong reputation for her expertise in this specialised area.

Jenny is now founder & Managing Director of Morgo, a community of people building technology and other high growth companies going global.



**John Selby, Wellington**

*See John's details on previous page.*

## The Investment Sub-Committee



**Nic Craven, Wellington (Chief Investment Officer and Investment Committee Chair)**

*CFA, BSc, BCA(Hons)*

Nic has over 15 years' experience in investment analysis, having originally joined Booster in 2004. He has held a number of specialist portfolio management and analysis roles covering fixed interest portfolios, equities, currencies and overall asset allocation. Nic is a CFA Charterholder.



**Brendon Doyle, Wellington (Investment Committee Member)**

*BBS, COP Management Accounting and Auditing*

Brendon 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.



**Duncan Wylie, Wellington (Investment Committee Member)**

*LLB*

Duncan has previously led an internal merger and acquisition team for a major New Zealand entity, was a corporate finance partner and Ernst & Young for 13 years, and was with an international bank for 14 years of which 6 years as New Zealand country manager.



**Melissa Yiannoutsos, Wellington (Investment Committee Member and Innovation Funds Manager)**  
*BCA*

Melissa has over 20 years' experience in the investment and science commercialisation sectors. She completed her commerce degree at Victoria University of Wellington and Entrepreneur Programme at Massachusetts Institute of Technology. She has had technology commercialisation roles in both the public and private sectors. She has had executive and director roles in technology start-up companies leading strategic growth and capital raising, establishing international sales and negotiating key partnerships.

## Key Management Team Personnel



**Melissa Yiannoutsos, Wellington (Investment Committee Member and Innovation Funds Manager)**

See Melissa's details above.



**Alison Payne, Wellington (Chief Operating Officer)**

Alison 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.

See Section 9 - *About Booster and others involved in the Fund* for more information about us.



## Purpose of the Offer

The purpose of this offer is to enable the Fund to purchase additional early-stage investments and increase the diversification of its portfolio in line with the investment strategy of the Fund. Money invested from direct investors in the Fund will be combined with moneys invested by other Booster managed investment schemes that have a portion of their investment allocation invested in the Fund. The application money received by the Fund will initially be held as cash until suitable investments are found. Please note that:

- It is not known how much money will be raised under this offer or of its timing. The size of the Fund following the issue of units under this offer will determine how many investments the Fund can purchase.
- The scale and number and timing of investment opportunities made by the Fund from the money raised cannot reasonably be predicted due to the availability of suitable investment opportunities.
- As this is a long-term investment, the likely rate of return from the Fund and the timing of when any return may be earned over the short term is inherently uncertain and cannot be predicted nor any reasonable assumption be used.

There is no minimum amount required to be raised under this offer and there is no underwriting in respect of this offer. As this offer of units in a managed investment scheme will remain open on an ongoing basis, the pace at which the Fund can pursue its investment strategy will be determined by the amount and timing of new money it receives. New units in the Fund will generally only be issued to investors once a month, on the first business day of each month.

To provide the Fund with a committed supply of future capital, we may seek to secure the commitment of a significant capital contribution to the Fund. Any units issued under such a commitment will be at the prevailing Unit Price (the net asset value per unit). The costs of such a commitment (such as brokerage or underwriting fees) may be charged to the Fund where we are satisfied the costs are fair and reasonable to all investors, and that securing such a capital commitment is in the best interests of all investors. See Section 7 – *What are the Fees?* for further details.

## Future Performance of the Fund

The financial performance of the Fund is related to the performance of the investment assets it holds directly or indirectly. The performance of the Fund is most impacted by the following:

### Success of the investee businesses in commercialising their intellectual property

An early-stage business is a high-risk investment. Many early-stage businesses fail to achieve their objectives and often take longer to achieve profitability than expected, resulting in a low investment return or a total loss of capital invested.

Key drivers of a successful early-stage business include:

- **Success in proving the effectiveness of the technology and product market fit**  
This Fund targets investing in businesses that have developed a new technology or a new application of an existing technology (its intellectual property). In many cases, the effectiveness of this technology may not have been fully proven and may be subject to further testing or trialling before it is approved (particularly in the case of biotechnology) or successfully implemented in a product that has a commercial market.

The development or testing process may be expensive and/ or time consuming and may require significant ongoing funding prior to the business being able to proceed to commercialisation of the technology.

The technical uncertainty that a business faces significantly affects the value of that business. As the business successfully achieves technical milestones, its value may increase significantly, and vice versa, its failure to achieve technical milestones may result in the value falling significantly.

- **Success in establishing a strong customer base**

Even where the technology has been technically proven, the company still needs to successfully commercialise that technology. This means the technology must be able to be delivered to markets in a cost-effective way that attracts a strong customer base and allows the business to make a cash profit.

Commercialisation strategies include:

- Licensing the technology or product;
- Manufacturing and selling through proprietary or existing channels;
- Partnering to enter the market;
- Trade sale (sale of the business to a larger industry player).

An outright buy-out is a common exit strategy for investors who invest in early stage businesses.

- **Degree of protection of the intellectual property from imitation**

Ground-breaking technology is significantly more valuable where it is technically proven and protected, has a strong commercialisation opportunity, and cannot be easily imitated by competitors. The degree of uniqueness of the technology, the company's intellectual property strategy and protection through patents may significantly enhance the value of the business and the returns to the Fund.

- **Strong senior team**

A successful early-stage business needs to have experienced, passionate and motivated founders and a senior team that share a clear vision and are committed to the business strategy.

In order to improve expected investment outcomes, we utilise a partnership or co-investing model with other investors who have experience in the relevant market or technology and in managing and supporting early-stage businesses. A formal due diligence process is undertaken with co-investment partners prior to each investment, with support and monitoring implemented as considered appropriate for the business, which may also include taking a position on the Board of the investee business.

### Access to a diversity of investment opportunities

The high-risk nature of investing in early-stage businesses means that diversification is critical in spreading the investment risk across a portfolio of investments. Capital contributions from new and existing investors are required to provide the Fund with the capital necessary to enable it to expand from its current investment portfolio of 25 investments to a broader portfolio of more than 40 investments. Having a range of sources of opportunities to invest will provide greater potential to increase the number of investments held by the Fund, as well as achieve a wider range of fields within which they operate, and the stage of maturity of a particular business.



We have extensive networks across the intellectual property sector in New Zealand. We recognise that different parties will provide access to different investment opportunities, and the intention is to establish strong links with a number of different parties to ensure the Fund continues to expand its investment portfolio.

### Performance-based fee only, with low fixed costs

A significant cost to many early-stage investment funds is the entry fee, annual management fee and other related charges that are charged by the investment manager of the fund. Fixed fees, or fees charged on a percentage of the value of the fund can have a significant negative impact on the longer-term value of the fund, particularly when its units are quoted on a recognised exchange, and/or where the fund is not consistently delivering high investment returns.

In this Fund, we only charge a performance-based fee on returns above a hurdle return. This aligns the interests of the manager and the investor and means we may earn high fees for high performance, but will earn no fees for investment performance below 10% per annum. This fee structure minimises the erosion of value of the portfolio over time caused by high ongoing base fees.

See Section 7 – *What are the Fees?* for further details.

### Proportion of the capital of the Fund deployed

Following the issue of new units on a monthly basis and occasional specific capital raising activity, the Fund may hold a high proportion of cash, along with its investments.

The extent to which suitable investment opportunities are found will determine how quickly the cash is invested. If the cash portion of the Fund is relatively high (and on which an interest return will be earned), this will have an effect on the Fund's return because the cash is not committed to an investment.

We have the right to restrict applications for units in the Fund and may do so where it has excess liquidity, to reduce the risk of dilution of investment returns.

## Nature of the Returns

The return on your investment is determined by the change in the value of the units you hold plus any distributions you may receive. The unit value is driven primarily by our assessment of any change in the fair value of the investments (net of any accrued performance-based fees), any income received from its investments (either interest or dividends), and any proceeds from the sale of investments.

### Change in Value

Changes in our assessment of the fair value of the investments will be reflected in a change in the value of your units in the Fund. As described above, the fair value of investments is influenced by the degree of success the business has in achieving its technical and business objectives. To the extent a change in the fair value of the investment may result in a performance-based fee payable, the accrual for performance-based fees is also reflected in the value of your units in the Fund.

### Income from Investments

The Fund may receive interest from its cash holdings and may receive a dividend from its investments (to the extent the investments have achieved profitability), or in the event of a full or partial sale of the Fund's investment interest, the Fund will receive proceeds from this sale, which may be higher or lower than its original investment.

## Distributions and withdrawals

The Fund does not intend to make regular distributions to its investors. As the Fund will aim to make a **limited** amount of cash available for withdrawals directly from the Fund on a quarterly basis, the returns on units in the Fund will be limited to any gains you make if you utilise this limited withdrawal facility or if you sell your units through the NZX.

However, in the event of a sale of an investment, we may make some or all of the proceeds of the sale available for withdrawal from the Fund. Once the Fund has a well-diversified portfolio (which may take up to 5 years), we intend to make an increasing proportion of the proceeds available for withdrawal. All investors will be given the opportunity to participate in any such opportunity. Note, the withdrawal charge will not apply in this situation.

### Investment Realisation Strategy

As noted above, the Fund's returns will be primarily driven by the change in the value of its investments, with the bulk of the expected cash returns being earned on the ultimate sale of the individual investments.

We will review the portfolio annually with respect to its quality, diversification and ability to realise returns. We expect to hold most investments for at least 5 years and in some cases considerably longer. Once a company has secured a strong market position and cash flow, then commercialisation will be considered complete. At that time we will consider the merits of continuing to hold investments in the company. In doing so we will consider the likely returns from holding versus realisation of the investment.

We have identified the most common options for realisation of the investments are:

- Trade sale of the company to an industry player;
- Purchase of the company by a new shareholder (e.g. venture capital investor); or
- Quoting the investee company's shares on a recognised exchange such as the NZX (referred to as an 'Initial Public Offering' or IPO).

Since its commencement, the Fund has realised its investment in one business through its interest in NZIB–EdPotential Limited, which was sold in December 2021 to New Zealand based Education Perfect, resulting in a 32% gain on the Fund's original investment. This exit occurred earlier than expected for the Fund, though had been an investment of Wellington UniVentures since 2015.

### 3. Terms of the offer

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#### Product

Units in the Booster Innovation Fund.

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#### How you invest

##### Investing by applying directly to us or through your financial adviser

You can initially invest in the Fund by completing and submitting an application form to us, or through your financial adviser.

The application form is available by contacting us, at [www.booster.co.nz](http://www.booster.co.nz), or from your financial adviser.

Units are issued by the Fund at its Unit Price.

##### Buying units in the Fund on the NZX Main Board

Alternatively, you can purchase units on market at the quoted price through an NZX participant (such as a broker) or by arrangement through us.

See [www.nzx.com/services/market-participants](http://www.nzx.com/services/market-participants) for a list of current NZX Participants.

The quoted price on the NZX Main Board may differ from the Unit Price provided by the Fund and may be traded at a discount or premium to the Unit Price, depending upon the availability of buyers and sellers, their respective view of the underlying value of the investments or their expected return from the Fund (refer also to the Liquidity, withdrawal and trading risk outlined in Section 6 - *Risks to returns from the Booster Innovation Fund.*)

Other funds managed by us (**Booster Managed Funds**) also invest in the Fund and may trade either directly or through the NZX Main Board. For more information on how potential conflicts of interest are managed see the 'Other material information' document available on the offer register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

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#### When you can invest

##### Investing by applying directly to us or through your financial adviser

While you can apply to invest in the Fund at any time, new units in the Fund will generally only be issued to investors once a month, on the first business day of each month.

Applications received up to 10:00am on the first business day of the month will be processed on the first business day of that month.

Any money received by us with an application to invest in the Fund from an investor will be held in the Fund's application account until the new units are issued. No interest or other returns will be earned while the money is held in the Fund's application account.

While the Fund will generally accept new investments from investors once a month, we may refuse to accept, or may reduce, an investor's investment application at our discretion. This may include if the Fund is carrying excess liquidity and does not expect to have an opportunity to invest application money in new investments within 6 months. **No interest or other return will be paid on any returned money.**

Applications may be processed at other times of the month, for example, where additional capital is required to settle an acquisition. All applications received up to that point will be processed at the relevant Unit Price.

##### Buying units in the Fund on the NZX Main Board

You can buy or sell units in the Fund on the market at any time, provided there are interested sellers and buyers.

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#### How much you can invest

The minimum initial investment in the Fund is \$1,000. While you are not required to make any further investments, you can invest more by making additional investments (minimum \$500).

For trading on the NZX, your broker will be able to advise on the minimum parcel size.

While the maximum amount you invest is up to you, we may refuse to accept, or may reduce, an investor's initial or additional investment in the Fund to ensure the Fund does not hold excessive levels of cash and to protect the Fund's PIE status.

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

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#### How to pay

If you are investing by applying directly to us or through your financial adviser, you can make investments by direct credit, direct debit or any other method acceptable to us. Cash deposits will not be accepted.

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## How to withdraw or sell **Selling your units on the NZX Main Board**

Units in the Fund are quoted on the NZX Main Board, so you can sell your investment through an NZX Participant (such as a broker) or by arrangement through us, if there are interested buyers (NZX trading volumes may be limited at times).

In order to trade quoted units through a NZX Participant, you will need to have a Common Shareholder Number (CSN) and an Authorisation Code (FIN).

Periodically, we can request investors whose holdings are below the required minimum value to increase their holdings otherwise we may require those units to be sold on the NZX.

### **Withdrawing your units directly with the Fund**

You should regard an investment in this Fund as **not readily redeemable** when making your investment decision. The Fund has no fixed date on which you may get your money out. The Fund will aim to make a **limited** amount of cash available for withdrawals directly from the Fund on a quarterly basis, at the Unit Price. The amount available for withdrawal is at our discretion and will be significantly influenced by the availability of free cash within the Fund relative to investment opportunities being pursued. If demand for withdrawals exceeds the cash made available, we will determine a basis for the equitable scaling of available cash. Any withdrawals from the Fund will incur a withdrawal charge of 10% of the amount withdrawn.

Withdrawal requests should be submitted to us by 10:00am on the last business day of the calendar quarter (and by 10:00am on the second Friday of December for the December quarter). Withdrawals (that can be met from the cash set aside as noted above) will be processed within 5 working days of the first business day of the next quarter. The minimum withdrawal request is \$500.

In the event of a sale of an investment by the Fund (or by an underlying fund where the proceeds of the sale have been distributed to the Fund), we may, at our discretion, make some or all of the proceeds available for withdrawal from the Fund. All investors will be given the opportunity to participate in any such opportunity. While infrequent and unpredictable, this may provide an opportunity for investors to redeem some of their units at the relevant Unit Price of the Fund. The withdrawal charge will not apply in this situation.

Periodically, we can request investors whose holdings are below the minimum balance to increase their holdings otherwise we may require those units to be sold to us or a nominee at the Unit Price at the time. We may also require investors to reduce their holdings to ensure the Fund can maintain its PIE status.

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## **The Unit Price**

If you are investing by applying directly to us or through your financial adviser, the price to be paid for the units in the Fund will be the Unit Price for the day on which your application is processed (see above at 'When you can invest'). The Unit Price is the net asset value of the Fund (being the value of all assets less the value of all liabilities) divided by the number of units on issue.

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## **Distributions, and the nature and frequency of returns**

The Fund will not make regular distributions to investors.

The Fund may, on occasion, make a distribution based on any taxable income it has received.

See 'Nature of the Returns' on page 33 for more information.

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## **Trust deed/ Statement of Investment Policy and Objectives**

Further details on the key terms of the Fund can be found in the trust deed and SIPO which can be found in the scheme register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz)

## 4. How the Booster Innovation Fund works

### How the Fund Works

The Fund has been established within the Booster Innovation Scheme (**Scheme**), a managed investment scheme that is registered under the Financial Markets Conduct Act 2013. Investors buy units in the Fund.

The Scheme is governed by a trust deed, which is an agreement between us and the Scheme's supervisor (**Public Trust**) describing how the Scheme works, as well as our and Public Trust's responsibilities.

When you invest your money in the Fund, you receive 'units'. Units represent your share of the investments in the Fund. The Unit Price multiplied by the number of units you have in the Fund shows what your share is worth when applying our valuation of the units. If the Fund's investments go up in value your units will be worth more and if they go down in value your units will be worth less.

The return on your investment ultimately comes from the price at which you are able to withdraw or sell your units (as well as any distributions you may receive on your units). As units in the Fund are quoted on the NZX Main Board you can sell your investment through an NZX Participant (such as a broker) or by arrangement through us, if there are interested buyers – although the amount you get may be less than the amount that you invested. As explained in Section 3 – *Terms of the Offer*, above, there is also limited ability to make withdrawals from the Fund. We may make some or all of the proceeds of the sale of an investment available for withdrawal, though the timing of this is inherently unpredictable. Due to the restricted nature of the ability to make a withdrawal, you should only invest money that you do not need access to for a number of years.

### Investment Valuation Approach

We are responsible for calculating the Unit Price (or net asset value per unit) and for issuing and redeeming units. It is our aim to ensure the valuation approach we take is robust, consistent and fair to existing investors, new investors purchasing units in the Fund, and those withdrawing units from the Fund.

The valuation of private, unlisted, pre-profit companies is challenging and involves significant use of judgement. We consider a range of information that we believe is relevant to the valuation of the investee companies, both related to the specific business, as well as externally sourced data such as industry benchmarks or comparable transactions where available. Our approach to valuations has been developed in consideration of the principles detailed in the International Private Equity and Venture Capital (IPEV) guidelines (see - [www.privateequityvaluation.com/Valuation-Guidelines](http://www.privateequityvaluation.com/Valuation-Guidelines)), as well as Generally Accepted Accounting Practice in New Zealand.

The investment valuation approach we apply (**Investment Valuation**) in respect of the investments is summarised as follows:

#### Direct Investments

Where the Fund holds the investment directly (which may include investments in conjunction with a lead co-investor), the last price at which capital was raised by the relevant business from other external investors is used as a starting reference price. We, or the lead co-investor, will also consider how recently the business last raised capital and

its relevance given changes in the business, as well as any changes to its target market or its progress towards the commercialisation of its intellectual property since the last capital raise. An assessment will be made of the extent to which the business has achieved its business plan since the last capital raise, its remaining cash available, and any capital raising activity in progress, on at least a quarterly basis. Where there is uncertainty of outcomes relevant to the value of the business, we apply probability weightings to reflect the uncertainty and risk.

Where we assess the value of an investment may have materially changed since its purchase or last formal valuation assessment, a more comprehensive assessment of value is made including consideration of other indicators of value such as industry valuation benchmarks, similar investment company comparisons or third-party pricing events where available.

In between formal valuation assessments, any other new information received in respect of an investment that may be material to the Fund's Unit Price is considered by us when it is received and is reflected in the Unit Price and/ or notified via the NZX market announcement platform to ensure the Fund continues to meet its continuous disclosure obligations.

All valuations are performed by our in-house investment team (or in conjunction with a lead co-investor), reviewed by the Fund's Advisory Board, and considered and approved by the Fund's Investment Committee.

#### Indirect Investments

Where the Fund holds the investment indirectly, the valuation will be initially determined by the manager/ Board of the relevant underlying investment fund and reviewed by the Fund's Advisory Board prior to approval by the Fund's Investment Committee.

We also assess the valuation approach taken by our investment partners for consistency with our valuation approach described above. For example, our valuation approach is consistent with that applied by NZIB in respect of its investments.

On a monthly basis we will consult with the manager/ Board of the underlying fund to establish if there is any other new information that may be material to the Fund's Unit Price prior to the issue or redemption of units in the Fund.

Also, consistent with the approach outlined for direct investments above, we will consider any other new information received by us at any time in between formal valuation assessments to determine if an adjustment is required to the Unit Price and/ or notified via the NZX market announcement platform to ensure the Fund continues to meet its continuous disclosure obligations.

All other assets and liabilities of the Fund (including provisions for performance-based fees and other expenses) are updated on a daily basis.

The Fund (including the valuation of its investments held directly by the Fund) is subject to an independent audit on an annual basis. We may seek independent valuations if considered appropriate for one or more of the investments in the Fund.



## The Benefits of Investing in the Fund

The Fund offers investors the following benefits:

**Supporting NZ innovation.** The Fund actively invests in intellectual property originated or developed in New Zealand – helping to keep the benefits of innovation in New Zealand for longer;

**Diversification.**

- An appropriate exposure to this Fund (relative to your total investment portfolio) can provide diversification benefits when used as part of an existing investment strategy due to the historically low to modest correlation of returns of early-stage investments to other traditional investment classes. Although individual circumstances and personal risk attitudes will differ, we recommend that an investment in this Fund only represents a small proportion of your total investment portfolio;
- The Fund takes a portfolio approach to investing in early-stage businesses. By holding a diverse range of a higher number of investments, the Fund is able to balance the high risk of failure with the high rewards for successful businesses;

**Potential for high returns.** Research has shown that a diversified portfolio of early-stage companies such as those held by this Fund potentially delivers significantly higher returns than the broader listed equity markets. However, investment in this specialised area does come with higher expected volatility of returns and high rates of failure of some of its underlying investments (see comments on the Refinitiv Venture Capital Index on page 8 of this document);

**Access to exciting start-ups.** Investors, other than very high net worth investors, usually find it difficult to access this type of investment opportunity;

**Unique fee structure.** There is no base management fee and a performance-based fee is only charged on performance above a 10% return. This means the Fund must achieve a 10% return in each financial year before any management fees are payable, after which we receive 20% of investment return in excess of 10%. The fee structure has been designed to ensure optimal alignment between our interests and those of investors. (see Section 7 – *What are the Fees?* for further details);

**Tax benefits.** The Fund is structured as a listed portfolio investment entity (**PIE**) which means any capital gains made on the sale of an investment are not subject to tax. Tax is paid by the Fund at 28%. To the extent distributions are paid, imputation credits may be available for New Zealand resident individual or trustee investors (other than unit trusts) on lower tax rates to apply surplus imputation credits against other taxable income they may have. Tax rates may change in future;

**Experience.** The Fund utilises a partnership or co-investing model, where investments are made, directly or indirectly, in conjunction with other investors who have experience and expertise in developing and commercialising intellectual property.

**Quotation on NZX Main Board.** The Fund is quoted on the NZX Main Board, giving investors the opportunity to sell their units should they need to, so long as there is a buyer (NZX trading volumes may be limited at times).

## Related Party Benefits

As shown in the structure diagram in Section 2 – *What the Booster Innovation Fund invests in?* the Fund owns units in the NZIB, which is a partnership between Booster Financial Services Limited, Victoria Link Limited (**Wellington UniVentures**) and Otago Innovation Limited (**OIL**). Due to Booster Financial Services Limited being a shareholder of the general partner and a limited partner of NZIB (and who had invested through NZIB in conjunction with a number of Booster Managed Funds prior to the Fund's establishment), we consider NZIB to be a related party.

NZIB holds shares in the underlying businesses as outlined in Section 2 – *What the Booster Innovation Fund invests in?*

While there are transactions between the Fund and NZIB on occasion (e.g. where a new investment is acquired via an interest in NZIB), no related party benefits are paid in respect of these transactions.

Under the Portfolio Investment Entity (**PIE**) eligibility criteria rules, the Fund is restricted to hold no more than 20% of the voting interest in each investee business. As a result, there may be occasions where it is commercially desirable or necessary, or simply due to historical shareholdings, that an underlying investment entity hold more than a 20% interest in an investee business on behalf of related entities. In this situation, Booster Financial Services Limited or other funds managed by Booster may retain an interest in an investee business directly through the underlying investment fund. We will actively manage any potential conflicts of interest that arise in conjunction with the independent directors of the Board, and the Supervisor.

There are no other specific transactions or proposed transactions of the Fund that will result in a related party benefit. Booster Financial Services Limited and the Booster Managed Funds may make further investments in the Fund in future.

## Related Party Interests

Interests in the Fund held by parties related to the Booster Group at 31 July 2022 are as follows:

	Units	% of Fund
PT (Booster Investments) Nominees Limited on behalf of the Booster Investment Scheme (a scheme managed by Booster)	333,209	4%
PT (Booster KiwiSaver) Nominees Limited on behalf of the Booster KiwiSaver scheme (a scheme managed by Booster)	3,765,735	47%
PT (Booster Superannuation) Nominees Limited on behalf of Booster Super Scheme (a scheme managed by Booster)	930,295	12%
Asset Custodian Nominees Limited as custodian for Booster Financial Services Limited	2,342,941	27%

Note this does not include holdings of key personnel which are separately disclosed on the NZX on a regular basis.

The interests noted above held by the Booster Funds are to provide various diversified portfolios with an exposure to early-stage investments. The interest held by Booster Financial Services Limited represents the capital introduced by the parent company to support the establishment of NZIB and meet the capital commitments made to NZIB under the limited partnership arrangement.

The Fund held an interest in NZIB at 31 July 2022 of \$6.7m, representing 52% of the value of the assets of NZIB.

## Disclosure under NZX Listing Rules

As the Fund is quoted on the NZX Main Board, it is subject to the NZX Listing Rules. Under those listing rules, the Fund is required to disclose material information to investors through the market announcement platform 'promptly and without delay'. Material information is information related to the Fund or the Manager that a reasonable person would expect, if it were generally available to the market, to have a material effect on the price of the Fund. Material information may include updates about specific investments held by the Fund, updates about the Fund or the Manager, and periodic reporting such as the annual report, annual financial statements, or investor fund updates.



## 5. Booster Innovation Fund's financial information

### Selected Financial Information

This table provides selected financial information about the Fund. A copy of these unaudited financial statements is available on the offer register at

[www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz)

Full financial statements are available on the offer register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). If you do not understand this sort of financial information, you can seek professional advice.

We have not provided investment return information at this stage as we consider the period of time from the Fund's establishment to be too short to make any meaningful assessment of the Fund's past performance.

Selected historic financial information is presented for the year to 31 March 2022. Note that whilst the Scheme was established on 22 October 2020, the first transaction did not occur until 24 August 2021 (i.e., part way through the year).

<b>Statement of Financial Performance of the Fund</b>	<b>For the period 1 Apr to 31 Mar 2022</b>
	<b>\$'000</b>
Investment income	702
Distributions received	568
Fees and expenses	(25)
<b>Net income before tax</b>	<b>1,245</b>

<b>Statement of Financial Position of the Fund</b>	<b>As at 31 Mar 2022</b>
	<b>\$'000</b>
Cash	124
Units in NZIB held at fair value	4,910
Other investments held at fair value	2,611
Other payables	(25)
<b>Net assets</b>	<b>7,620</b>

### Prospective Financial Information

We have not provided any prospective financial information in respect of this Fund. Following careful consideration and due enquiry, we have concluded that any prospective financial information would be likely to deceive or mislead potential investors with regard to particulars that are material to the offer.

Due to the unknowns in respect of the Fund and the investments held by the Fund, we believe it is not possible to prepare reasonable assumptions on which to base the prospective financial information. The reasons that form the basis for our view are:

- It is not known how much money will be raised under this offer or of its timing. The size of the Fund following the issue of units under this offer will determine how many investments the Fund can purchase.
- The scale and number and timing of investment opportunities made by the Fund from the money raised cannot reasonably be predicted due to the availability of suitable investment opportunities.
- As this is a long-term investment, the likely rate of return of the Fund and the timing of when any return may be earned over the short term is inherently uncertain and cannot be predicted nor any reasonable assumption be used.

## 6. Risks to returns from the Booster Innovation Fund

Given the nature of the target investments of the Fund, the risks to generating an appropriate rate of return are significant. It is important that a prospective investor understands the nature of the risks described below of investing in this Fund and the steps we take to mitigate these risks as far as possible.

### A business fails to successfully commercialise its intellectual property

**Description.** This is the risk that an early-stage business in which the Fund has invested does not meet expectations resulting in a low investment return or a total loss of capital invested.

**Why this is of significance.** For each business that fails to achieve its technical or business plans, the value of the investment will likely fall, reducing the return of the Fund's portfolio overall. You may lose some or all of your money.

**Assessment of likelihood, nature and the potential magnitude of any impact.** Early-stage businesses face a higher level of failure risk than most other investment types, including listed equities.

The key risks these businesses face may include:

- **Technical uncertainty.** The technology may not yet have been proven and may require further development or testing to become marketable. In the case of completely new innovations there may be a number of related developments required before the technology can be deployed. These developments may not have been identified at the time of investment;
- **Market risk.** The business may not be able to secure a market to whom their product can or will be sold;
- **Risk of loss of key people.** Generally a new venture is highly dependent on a small number of key people. A loss of a key person is likely to have a significant negative impact on the business;
- **Intellectual property risk.** The risk that the business' intellectual property may not be easily protected or is easily imitated eroding its future value. The patenting process is slow and it is likely patents will not be granted before early investments by the Fund;
- **Funding risk.** The risk that the business does not obtain sufficient funding capital to allow it to reach its full potential.

The rate of failure of early-stage businesses is high. Data from New Zealand Venture Investment Fund (in their paper – New Zealand Early Stage Company Investment Valuations – December 2018) indicates that 28% of start-up investments fail after an average of 4 years.

**Mitigating Factors.** We use a number of strategies to manage the risk of investing in early-stage businesses. These strategies are at both the overall Fund level and the individual investment level:

#### Fund Level Strategies.

- **Diversification.** The Fund has an investment objective to seek to invest in a large number of businesses (indicatively more than 40), which have diversity in their underlying intellectual property and its source, the business sector in which they operate, the key people driving the business, and the stage of maturity of the business at the point of investment.

- **Partnerships and co-investment.** The Fund will seek to partner or co-invest with entities that have expertise in supporting the commercialisation of intellectual property such as universities, research institutes and private sector early-stage funders. NZIB is a good example of the kind of partnership arrangements the Fund is looking to develop.
- **Monitoring and revaluation.** We will seek to maintain a close relationship with each of the investments, so that they are monitored closely relative to their business plans. The valuation of investments is reviewed on at least a quarterly basis.

#### Investment Level Strategies.

- **Technology plan.** The investee will be expected to have a completed technology proof of concept, a technology or product development plan and to seek adequate funding to complete this in its investment programme.
- **Marketing plan.** We expect investees to be familiar with their target market and to include, either on the team or Board, people familiar with that market.
- **Alignment of interests.** We would generally expect the key personnel to have a financial stake in the business so that all parties are aligned in their interests.
- **Intellectual property (IP) plan.** We require all investees to have a strong IP strategy and a good understanding of their freedom to operate.
- **Capital plan.** We expect investees to have a defined capital plan to achieve profitability and sustainability.

### Higher volatility of returns than traditional equity investments

**Description.** Due to the high risk of early-stage businesses, their value can fluctuate widely over short timeframes depending on the progress they make against their business plans, the confidence of their shareholders in the likelihood of their success, and the willingness of existing and potential investors to contribute more capital to continue to support the business.

**Why this is of significance.** The value of an investment in the Fund may (and is likely to) go up and down faster and more significantly than investing in many other investment classes (including listed equities). This means an investor may lose a significant portion of their original investment in the short-term if a larger number than expected of the investee companies fail and/ or the returns from the successful investments are insufficient to offset the losses. Each investor must ensure their investment in this Fund represents an appropriate portion of their overall portfolio, and that they intend to invest for a longer timeframe (at least 15 years). As each business develops, the level of business risk diminishes and the risk of volatility reduces as a result.

**Assessment of likelihood, nature and the potential magnitude of any impact.** As noted above, the rate of failure of early-stage businesses is high. Despite this failure rate (and associated loss of invested capital), those companies that succeed have the potential to increase in value substantially relative to the value of capital invested, resulting in prospects of a positive risk-weighted investment return.

**Mitigating Factors.** We seek to reduce this risk by planning to invest in a large number of businesses, across a range of stages of development and different business sectors which increases the diversification of the Fund. The Fund's focus is on early-stage companies based on intellectual property. They will generally be technology based, be focused on international markets and revenue growth from inception. On a portfolio basis, we would expect their valuation to improve as they reduce technology and market risks in the early phases of their development. A few of these individual investments are likely to grow very fast and substantially.

## Liquidity and withdrawal risk

**Description.** This is the risk that, due to the Fund only facilitating limited and infrequent withdrawals an investor is unable to sell their investment at a time that suits them or that when seeking to sell through the NZX they are unable to find a buyer, or that the NZX quoted price of the units is lower than the Unit Price, or that in certain circumstances, trading of the Fund's units on the NZX is suspended.

**Why this is of significance.** The investments of the Fund are small private companies and generally a lot less liquid than investments traded on a recognised exchange, therefore the Fund is not able to facilitate the regular withdrawals, other than on occasion where an investment is sold and we determine that some or all of the proceeds are to be made available for withdrawal. The primary mechanism for the sale of units, other than proceeds from occasional investment sales, is to sell them on the NZX. The ability to sell units on the NZX will be dependent on the availability of buyers and that the Fund's units have not been suspended or removed from quotation on the NZX.

**Assessment of likelihood, nature and the potential magnitude of any impact.** The availability of cash for quarterly withdrawals is limited, and subject to the amount of cash held by the Fund not committed to additional investments. Also, the timing of when the Fund may sell one of its investments is inherently unpredictable, and may not align with when an investor wishes to make a withdrawal. Under normal market conditions, it is anticipated there will be buyers interested in buying units through the NZX, though may be reduced numbers given they are also able to purchase units directly from the Fund on a monthly basis. Based on the experience of investments similar to this Fund, the trading price on the NZX may be at a discount to the Unit Price.

The likelihood of suspension or removal of the Fund from the NZX is considered to be unlikely given the governance and compliance framework in place to ensure its NZX obligations are met.

**Mitigating Factors.** As described in Section 3 – *Terms of the Offer* above, a limited amount of cash will be made available on a quarterly basis for withdrawals, subject to a withdrawal charge. Also, the listing of the Fund on the NZX Main Board enables investors to sell their units if there are interested buyers. On occasion, we may allow withdrawals from the proceeds of the sale of an investment. No withdrawal charge will be applied in this situation.

## Concentration of investments

**Description.** This is the risk that the Fund's investment returns do not meet the long run expectations of a well-diversified portfolio of early-stage investments due to holding a relatively small number of investments, or the investments being concentrated in particular sectors, or concentrated in a particular stage of business development which also reduces the level of diversification. This could also occur following a significant upward revaluation of an

investment due to its success, resulting in a single company becoming a large portion of the Fund value.

**Why this is of significance.** As noted above, early-stage businesses face a high risk of failure, and a key objective of the Fund is to invest in a large number of businesses across different sectors and stages of development. Currently the Fund's investments are concentrated in a relatively small number of investments which limits the level of diversification of the Fund until further investments are acquired.

**Assessment of likelihood, nature and the potential magnitude of any impact.** This risk is higher in the early period of portfolio development as the Fund will hold a relatively small number of investments. At this stage, the likelihood of returns being heavily influenced by individual investments is high, resulting in a higher level of volatility of returns in the short term. The magnitude of this risk is expected to diminish as the Fund grows and diversifies.

**Mitigating Factors.** We are actively pursuing additional investments that will increase the level of diversification over time and will monitor the investments in specific sectors and stage of business development to improve its diversification once the portfolio approaches maturity.

## Valuation uncertainty

**Description.** This is the risk that the fair value of each of the investments is inherently uncertain due to the subjective nature of valuations.

**Why this is of significance.** The valuation of private, unlisted, pre profit companies is challenging and involves significant use of judgement. This may mean our assessment of the fair value of an individual investment, or the portfolio of investments, may be different to other assessments of the fair value of the Fund's investments. This could result in a difference between the Unit Price and the value of units trading on the NZX Main Board, and therefore impact an investor's ability to buy or sell units at their assessment of the fair value. We do not intend to regularly seek independent external valuations of the Fund's investee companies.

**Assessment of likelihood, nature and the potential magnitude of any impact.** Any increase or decrease in the value of an individual investment may be significant to the value of the Fund and will have an impact on the value of an investor's investment in the Fund. By holding a relatively small number of investments in the Fund, the likelihood of this occurring is higher than for more widely diversified funds, but is expected to reduce over time as the number of investments held increases.

**Mitigating Factors.** To manage this risk, we seek to apply fair value valuation methodology in accordance with the valuation approach described in Section 4 - *How the Booster Innovation Fund works*. We formally review investment values on at least a quarterly basis. We will base our assessment on externally verified valuations where possible (such as when the company successfully raises additional equity funding) and will also consider how the business has performed since that last capital raise, including making an assessment of the impact of any new information about how each business is performing as received. By investing in a diverse range of businesses at different development stages, we anticipate that a portion of the investments will seek additional capital or will be subject to take over offers, which provides opportunity to benchmark its valuations. The Fund is also subject to an annual audit which includes the assessment of the reasonableness of the valuation of its investments, subject to the overall materiality of the Fund.

## Capital contributions to the Fund are insufficient to achieve diversification

**Description.** This is the risk that the Fund does not raise sufficient capital to allow it to obtain a diverse portfolio of investments within a reasonable timeframe.

**Why this is of significance.** Due to the higher risk of failure in early-stage businesses and the difficulty in identifying future successful businesses, unless the Fund is well diversified, its investment performance will be dominated by the success or failure of a small number of investments.

**Assessment of likelihood, nature and the potential magnitude of any impact.** To reach a desired level of diversification of at least 40 companies, the Fund will require additional capital to purchase more investments. While a large portion of that capital is expected to be provided by Booster Managed Funds and Booster's parent company (as noted below), the Fund is also seeking capital contributions from external investors to allow it to expand its investment portfolio.

**Mitigating Factors.** Booster Financial Services Limited (our parent company) made a financial commitment to provide NZIB with new capital of up to \$2 million per year for at least 5 years, and \$4.9 million of that commitment remains uninvested. This provides NZIB, one of the Fund's co-investment partners with some certainty of sufficient resources to continue to invest in suitable investment opportunities and in turn improving the overall diversification of the Fund. The commitment can be partly or wholly met by the Fund or other Booster Managed Funds. Additionally, Booster Managed Funds have investment capacity and appetite to invest further in the Fund as the Fund grows.

## Flow of investable opportunities risk

**Description.** This is the risk that the Fund does not have sufficient, suitable investment opportunities relative to its investable funds.

**Why this is of significance.** If the Fund does not have access to enough investment opportunities, it may have uninvested cash, feel pressure to invest in more marginal ventures, or take longer to achieve a desired level of diversification, which in turn may impact the returns or the volatility of returns.

**Assessment of likelihood, nature and the potential magnitude of any impact.** While full portfolio diversification will take some time to achieve, we consider the investable opportunities currently exceed the Fund's capacity to invest.

**Mitigating Factors.** We have established close relationships with Victoria University of Wellington, University of Otago and Matū which provides direct access to a flow of investment opportunities. We (together with our co-investment partners) have strong networks in New Zealand and are currently seeking to establish similar relationships with other universities, as well as the public and private sector.

## Conflict of interest in valuation of investments

**Description.** This is the risk that our judgement when valuing investments is influenced by the impact such valuations have on the performance-based fee we may earn.

**Why this is of significance.** As manager, we are responsible for valuing the investments of the Fund. The valuation of investments is a key driver of the overall performance of the Fund, and will determine whether, and how much, we may earn as a performance-based fee.

**Assessment of likelihood, nature and the potential magnitude of any impact.** The calculation of a performance-based fee is directly impacted by the valuation of investments. However, as most of the investments are held via underlying funds, such as NZIB and Matū, and all valuations are reviewed by the Advisory Board (the Chair of which is independent of Booster), the level of influence we have on the valuations is moderated.

**Mitigating Factors.** As noted above, the investment valuations are reviewed by the governing bodies of the underlying funds, and by the Advisory Board of the Fund. In addition, the Fund is subject to an independent annual audit which includes a review of the valuation of the Fund's investments. Any performance-based fee would be retrospectively adjusted should the audit process determine that investment valuation changes were required.

## 7. What are the fees?

You will be charged fees for investing in the Fund. Fees are deducted from your investment and will reduce your returns. The Fund also incurs other costs and charges such as the supervisor and audit fees.

The fees and expenses you pay will be charged in the following ways:

- A performance-based fee;
- Capital raising expenses;
- Withdrawal charge;
- Other fees and expenses.

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

A summary of the fees and expenses and the basis on which they are charged is:

Fee Category <sup>11</sup>	Fee Type and Rate	Based on	Paid to
<b>Annual management fee</b>	No annual management fees are charged	N/A	N/A
<b>Performance-based management fee</b>	<p>We are paid an annual* performance-based fee (in units in the Fund) equal to 20% of the net pre-tax return made by the Fund in excess of the hurdle rate of return.</p> <p><b>Hurdle rate of return:</b> the hurdle rate is 10% p.a. which approximates the 30-year New Zealand equity market return.</p> <p><b>Amount of the performance fee:</b> 20% of the net return above the hurdle rate + GST is payable as a performance-based fee.</p> <p><b>Maximum limit of the fee:</b> there is no limit to the value of the fee payable.</p> <p><b>High water mark:</b> a high water mark is used to prevent us from being rewarded for the same performance twice. It is increased each time the Fund's return is positive, but remains unchanged if the investment return is negative in the year. This means a performance-based fee is only payable for returns in excess of the hurdle rate after any prior year losses have been covered.</p> <p><b>Frequency of calculation and payment:</b> the fee is calculated and accrued in the Unit Price on a daily basis. The fee is paid only in the form of units in the Fund on an annual basis at the year-end Unit Price (being the net asset value per unit) subject to any relevant audit adjustments (e.g. the valuation of investments is amended through the audit process). In addition, we are restricted from withdrawing those units from the Fund, and can only sell the units to other investors.</p> <p>This fee also covers the costs of managing and administering the Fund, which include administration, accounting and ongoing marketing expenses.</p> <p>Because the performance-based fee is calculated on the excess return over 10%, you may pay performance-based fees even if the fund does not match or beat the New Zealand market equity return in a particular year. (Conversely, you may not pay a performance-based fee even if the fund significantly exceeds the New Zealand equity market return in a particular year).</p> <p><i>*The first measurement period and payment date for the performance-based fee was extended to 31 March 2023 to reduce the possibility the strong returns achieved 24 August 2021 to 31 March 2022 were not representative of a full year's return. All other terms related to the performance-based fee, including the daily accrual and method of calculation, remained unchanged.</i></p>	Excess return above the hurdle rate (being 10% per annum)	Booster



<b>Capital raising expenses</b>	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. For example, if the Fund were to secure a substantial capital commitment from investors that enabled the Fund to enhance its diversification and continue to actively pursue new investment opportunities, this would be of benefit to all investors in the Fund. These costs are expensed by the Fund as the raised capital is deployed through the purchase of investments.	Actual expenses incurred (these fees cannot be estimated at this stage as it would be based on the scale of any commitment)	External parties such as brokers.
<b>Other fund administration expenses</b>	Direct expenses of the Fund up to \$30,000 + GST per year may be charged to the Fund. These expenses include the costs related to the supervisor, audit, Fund related legal fees, NZX listing related fees, and independent valuations (if any). Any of these expenses above \$30,000 + GST per annum are paid by Booster.	Actual expenses incurred (capped at \$30,000 + GST per annum).	External parties such as the Supervisor, auditor, valuers, NZX and legal advisers.
<b>Other fund administration expenses from underlying funds</b>	The Fund holds units in NZIB and may also hold interests in other underlying funds. NZIB and these other underlying funds may also incur fund administration costs such as audit, independent valuations, legal fees and independent director fees (if any). These costs are not subject to the \$30,000 + GST per annum cap referred to above. NZIB does not charge any management fees for its services.	Relevant share of actual expenses incurred.	External parties such as the trustee/supervisor, auditor, valuers, legal advisers and independent directors (if any).
<b>Withdrawal charge</b>	For withdrawals made directly from the Fund, a charge of 10% of the value of the amount withdrawn will be applied. This charge does not apply to any withdrawal opportunities made available to all investors from the proceeds of the sale of an investment. If you sell your units on the NZX Main Board a withdrawal charge will not apply (though a service fee may be charged by your broker).	Value of amount withdrawn from the Fund	Retained by the Fund to cover the funding cost of the cash available for withdrawals.
<b>The fees and expenses can be changed</b>	Any new fees or changes to existing fees is subject to the Trust Deed. We will consult and agree any fee change with the Supervisor and provide 1 month's notice of any increase in the fees or charges to all investors in the Fund.		
<b>Other Fees and Expenses</b>			
<b>Contribution fee</b>	We do not charge a fee on contributions. Your financial adviser, with your agreement, may charge you other fees for the services they provide to you. These fees may include an entry fee on each investment amount or an ongoing service fee. If an entry fee is charged, it will be deducted from each investment amount before your money is invested in the Fund and paid to your financial adviser.	As negotiated with the adviser based on services required – may be a percentage of contributions or a fixed amount.	Financial adviser
<b>NZX brokerage fee</b>	If you buy or sell units in the Fund through an NZX Participant (such as a broker), they may also charge you a fee.	Value of transaction (minimums may apply)	NZX participant

<sup>11</sup> Goods and Services tax (GST) is not included in any of the fees stated. GST will be added to any fees where applicable, including to the performance fee.



Fees and expenses to 31 March 2022	As a dollar value	As a percentage of net asset value
Fees and expenses to be charged by the manager and its associated persons <i>Note – this is the performance-based fee accrued but not yet charged (and subject to change). The first measurement period and payment date for the performance-based fee was extended to 31 March 2023.</i>	\$177,000	2.30%
Fees and expenses charged by other persons <i>Includes costs paid to the supervisor, auditor, Fund related legal fees, independent valuations (direct and through underlying funds)</i>	\$46,000	0.60%
<b>Total</b>	<b>\$223,000</b>	<b>2.90%</b>

## Fee Illustration

As the fees and expenses charged are substantially related to investment performance, here are some examples of what the charges would be under different return scenarios (assuming no capital raising expenses are incurred in the period):

Investment return (before tax and performance-based fee) <sup>12</sup>	Annual Management Fee	Performance based fee	Other fund admin expenses <sup>13</sup>	Total annual fund charges	After fees and charges investment return (before tax) <sup>14</sup>
-5%	0%	0%	0.52%	0.52%	-5%
0%	0%	0%	0.52%	0.52%	0%
+10%	0%	0%	0.52%	0.52%	10%
+15%	0%	1.0%	0.52%	1.52%	14%
+20%	0%	2.0%	0.52%	2.52%	18%

<sup>12</sup> The investment return is calculated after all annual charges other than performance-based fees.

<sup>13</sup> Calculated as the estimated other fund administration expenses (capped at \$30,000) plus other fund administration fees from underlying funds (a total of \$48,300 (plus GST)) divided by net asset value of \$10.6 million.

<sup>14</sup> The after fees and charges investment return is the net pre-tax return after all fees, charges and performance-based fees have been deducted.

Based on the investment return up to 31 July 2022 (which is 32.2% after fees for the period from 24 August to 31 July 2022), an allowance of \$254,000 (plus GST) had been made in the Fund's Unit Price for performance-based fees, which was 2.4% of the net asset value. This allowance is not provided in the financial statements, until the end of the measurement period has been reached, in accordance with accounting standards.

## Investment acquisition costs

Costs directly incurred or shared with co-investment partners in the due diligence and acquisition of investments (if any), are reflected in the purchase price of the relevant investment.

## 8. Tax

The Fund is a listed portfolio investment entity. The amount of tax that the Fund pays is calculated at the rate of 28% on its taxable income, though tax rates may change in future.

While the Fund does not intend to pay distributions, to the extent it does, it would attach any imputation credits it has available. If you are a New Zealand resident individual or trustee investor (other than a unit trust) and your marginal tax rate is less than 28%, you can choose to include the fully imputed distribution in your tax return, and apply the surplus tax credits against other income on which you are required to pay tax (or carry forward to future tax years). An investor that pays no tax may not be able to obtain a benefit from the imputation credits from a listed PIE. If investors are unsure about how they would be impacted, we recommend seeking professional advice.

That portion of any distribution that does not have imputation credits attached (referred to as excluded income) is not taxable to a New Zealand resident investor.

If you are investing in the funds as a joint investor, company, trust, or estate, see the 'Other material information' document available on our website [www.booster.co.nz](http://www.booster.co.nz) for more information.

Taxable income for the Fund includes interest, dividends received (if any) from its New Zealand share investments, and a deemed dividend of 5% of the market value of any overseas shares. Any capital gains made by the Fund in respect of its share interests are excluded from the calculation of taxable income.

## 9. About Booster and others involved in the Fund

### About Booster

We are part of the Booster Group which has been helping New Zealanders save since 1998. The group currently administers superannuation and investment funds of over \$5 billion on behalf of more than 170,000 New Zealanders.

#### You can contact us at:

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

Phone: **0800 40 40 50**  
8.00am to 5.00pm (Monday to Friday)  
Email: **clientservices@booster.co.nz**

### Who else is involved

	Name	Role
<b>Underlying Fund / Partnership</b>	NZ Innovation Booster Limited Partnership	An investment fund through which this Fund co-invests in intellectual property originating from Victoria University of Wellington and University of Otago. The NZIB board is responsible for assessing and monitoring investment opportunities on behalf of the limited partners of the Limited Partnership (of which the Fund is one).
<b>Supervisor</b>	Public Trust	Supervises us to make sure we meet our responsibilities and obligations.
<b>Custodian</b>	PT (Booster Investments) Nominees Limited	Appointed by the Supervisor to hold the assets of the funds on behalf of the investors. The Custodian is a wholly-owned subsidiary of the Supervisor.
<b>Unit Registrar</b>	Link Market Services Limited	Provides registry services.

## 10. How to complain

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

#### Booster

*Booster Investment Management Limited*  
Attn Chief Operating Officer  
Booster Investment Management Limited  
Level 19, Aon Centre, 1 Willis Street  
PO Box 11872, Manners Street  
Wellington 6142  
Phone: **0800 40 40 50**  
Email: **clientservices@booster.co.nz**

#### Supervisor

*Public Trust*  
Attn General Manager, Corporate Trustee Services  
Level 8, Public Trust Building, 22-28 Willeston Street  
Private Bag 5902  
Wellington 6140  
Phone: **0800 371 471**  
Email: **CTS.Enquiry@PublicTrust.co.nz**

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

#### Booster's approved dispute resolution scheme

*Financial Dispute Resolution Service*  
Level 4, 142 Lambton Quay  
Freeport 231075  
PO Box 2272  
Wellington 6140  
Phone: **0508 337 337**  
Email: **enquiries@fdrs.org.nz**  
Web: **www.fdrs.org.nz**

#### Public Trust's approved dispute resolution scheme

*Financial Services Complaints Limited*  
Level 4, 101 Lambton Quay  
PO Box 5967  
Wellington 6140  
Phone: **0800 347 257**  
Email: **complaints@fscl.org.nz**  
Web: **www.fscl.org.nz**

## 11. Where you can find more information

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More information about the Fund, including historic financial statements, annual reports (once available), the trust deed, SIPO, and other material information is available on the scheme register and offer register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz) and copies can be requested from the Registrar of Financial Service Providers.

You can also get this and other information about your investment, free of charge, at [www.booster.co.nz](http://www.booster.co.nz), from your financial adviser, or by contacting us through one of the ways listed in Section 9 – *About Booster and others involved in the Fund*.

## 12. How to apply

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To invest in the Fund, you can either:

- Apply directly to us at [www.booster.co.nz](http://www.booster.co.nz)
- Apply via a Financial Adviser
- You can also buy units in the Fund through an NZX Participant (such as a broker).  
See [www.nzx.com/services/market-participants](http://www.nzx.com/services/market-participants) for a list of current NZX Participants.

If you apply directly to us or via a financial adviser, you will need to enter into a Client Custody Agreement for the Booster Wrap Administration System. If you would like to get in touch with a financial adviser who uses the system, call us on **0800 40 40 50**.



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**We're here to help.**

To find out more about the  
Booster Innovation Scheme visit our  
website, call us on **0800 40 40 50**  
or talk to your financial adviser.

**[booster.co.nz](https://booster.co.nz)**

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