booster

Investment Philosophy and Process

Booster's investment philosophy builds on a number of empirically supported beliefs within a risk management framework. This document sets out the main principles of this approach. It supplements the more detailed requirements within funds' Statement of Investment Policy and Objectives, and the Strategic Asset Allocation Review for Managed Investment Account portfolios.

Key Investment Beliefs

Since starting in 1998, Booster has consistently managed client portfolios with a focus on downside risk management within a “core+satellite” investment philosophy. We combine the best elements of “active” and “index” approaches, in line with a number of key beliefs:

- **Market returns are a significant driver of long-run investment results.** Index-based strategies offer a well-diversified and cost-effective way of accessing market returns, and therefore provide a good core allocation for portfolios.

- **Markets operate in cycles.** History has identified a range of mean-reverting cycles that typically operate across many asset classes and investment themes. These are driven by the tendency for investor decision making to be influenced by a range of psychological, social, cognitive and emotional factors, in tandem with medium-term economic cycles. These market cycles can be systematically exploited, providing opportunity for active management to add value to underlying market outcomes.

- **Extreme valuation cycles can last for some time.** Cyclical investment analysis will therefore include the importance of identifying a change in the cycle direction.

- **Actively managing downside risk**. Investors typically feel twice as much pain from a loss than they feel pleasure from a gain. A greater emphasis on identifying and managing downside investment risks is therefore well-aligned with the needs of investors. This extends to all active investment decisions, where evidence of an asymmetric “upside” is required relative to downside risk.

- **High-level “big picture” decisions have the greatest impact**. Research has consistently shown that differences in outcomes across investors are mostly driven by strategic decisions. By comparison, the effects of individual security selection are relatively small. **Our decision-making framework will therefore emphasise top-down, high-level decision-making over bottom-up security selection**.

- **Controlled and selective security selection within investment sectors can add value.** Key to the implementation of this is a level of consistency with high level decision making**.** As a result, in some sectors, using directly-held securities can be more effective than simply buying the whole market index.

- **Leading in the long term is not about ‘chasing the top’ in the short term.** Indeed, academic research shows that this runs a high risk of poor short-term results. The reality is that advisers and their clients’ tolerance for short-term returns that are significantly below peer levels also depends on how visible comparative results are. This can drive a tendency to “chase” short-term returns, hurting long-term performance. **Active decisions, and their size, will therefore take into account the anticipated range of outcomes on relative performance within a controlled framework.**

- **Within multi-sector portfolios that have a meaningful allocation to shares, fixed interest investments should not be exposed to significant credit risk.** Doing so would be inconsistent with the main objective of the fixed interest allocation, to partially offset the shorter-term downside risks of investing in shares. History has shown a consistently high correlation between significant equity market corrections and widening credit spreads.

- **Select active managers can add value**, but over the long term only a minority of active managers perform ahead of index funds. A tendency to “hug” the market index contributes to this, resulting in value-add not offsetting fees. **Any external active fund managers used should therefore follow more highly concentrated (but still adequately diversified) strategies aimed at materially outperforming index funds after fees**.

Overall, investors’ success in achieving their long-term goals depends a lot on their resolve in maintaining a disciplined investment program. This can be heavily influenced by the advice and support they receive, especially when returns are negative. Effective communication and support therefore needs to be a seamless part of delivering client portfolios, especially in times of volatility.

Investment Team Expertise

With combined financial markets experience of over 150 years, brief biographies of the Booster Investment Committee and investment research team are summarised below:

1. **David Beattie, BMS, Principal (Investment Committee Chair)**
   David joined Booster (then named Grosvenor Financial Services) in 2000 as Chief Investment Officer and has helped grow funds under management to in excess of NZ$2 billion. During 2010 David was also appointed Joint Chief Executive Officer (CEO) of Grosvenor in conjunction with his role as CIO. David has more than 30 years' investment management experience, including 16 years with Westpac Financial Services.

2. **Allan Yeo, BA, BCA(Hons), Managing Director, Booster Financial Services**
   Allan was instrumental in the creation of Booster in 1998, and has over 30 years' investment management, investment banking and risk management experience. Allan has held a number of senior banking roles with Barclays Bank PLC in New Zealand, Australia and the United Kingdom prior to establishing Grosvenor.

3. **Brendon Doyle, BBS, Director, Booster Investment Management**
   Brendon also has 30 years' experience in financial markets, including portfolio management and capital markets roles at the NZ Debt Management Office and Westpac in New Zealand and Australia. Most recently, Brendon was part of the Executive Leadership team at the NZ Treasury, responsible for financial and commercial operations.

4. **Nic Craven, CFA, BSc, BCA(Hons), Senior Manager - Research**
   Nic has over 10 years' experience in investment analysis, having originally joined Booster in 2004. Nic 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.

5. **Duncan Wylie, LLB, Principal**
   Duncan joined Booster in 2017, contributing to the management of Booster's Private Equity investments via the Tahi Fund. Duncan has over 30 years' experience in investments and corporate finance, most recently with Todd Corporation but also including 13 years as a Partner of Ernst and Young.

6. **Rowan Calvert, BBS, Portfolio Manager - Global Equities**
   Rowan joined Booster in July 2010, originally specialising in direct shares, and now focussing on global equity strategy. Prior to joining Booster, Rowan spent 5 years as an analyst at NZX where he was involved in Securities and Financial Markets monitoring.

7. **Aaron Usher, CFA, BCom, Portfolio Manager - Australasian Equities**
   Aaron joined Booster in 2012 with subsequent exposure to broad areas of the business. Aaron joined the Research Team in 2013 focusing on equity research, and now covers NZ and Australian shares. Aaron is a CFA Charterholder.

8. **Ewen Griffiths, BSc, Portfolio Implementation & Risk Manager**
   Ewen took up this newly created role in 2018, reflecting a need for specialist resources focused on day to day portfolio trading, risk monitoring and performance analysis. Ewen has over 30 years' experience in financial markets with senior roles in both broking and funds management.

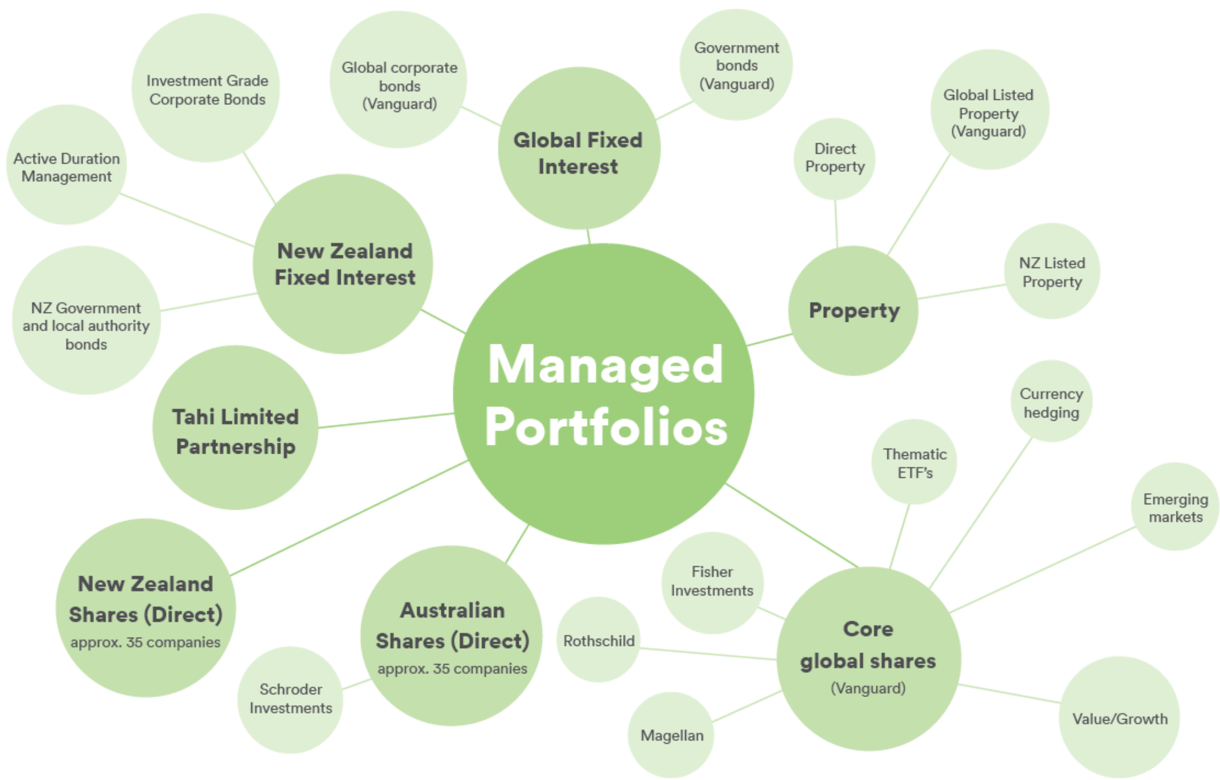
9. **Ian de Souza, CFA, BSc, Equity Analyst**
   Ian joined Booster in 2018 and supports the Portfolio Manager Global Equities. He previously worked with S&P Global as a thematic analyst focusing on ESG megatrends. Ian is a CFA Charterholder.

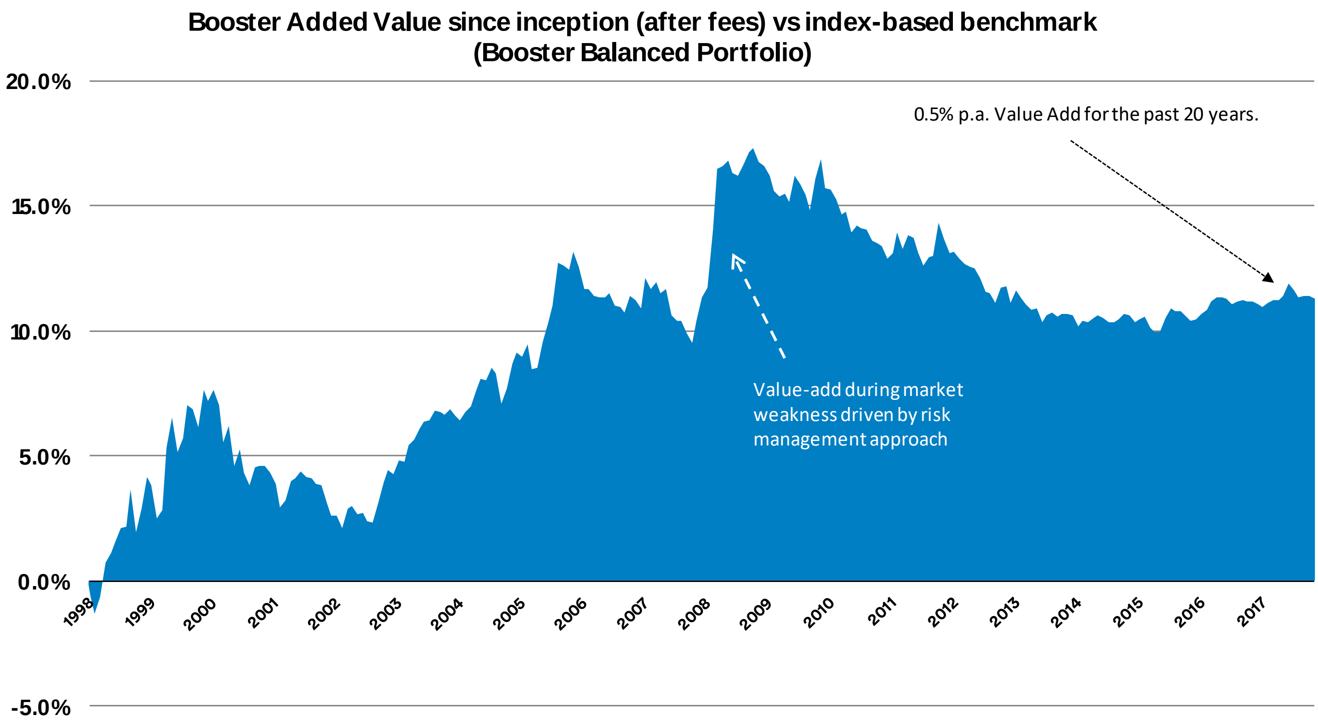
10. **Simon Cox, CFA, BA, MA, Equity Analyst**
    Simon joined Booster in July 2018, supporting the Portfolio Manager Australasian Equities. He has five years' experience in investment management, previously working with Mercer as an Investment Consultant. Simon is a CFA Charterholder.

11. **Joshua Meier, CAIA, BSc, Fixed Interest & Currency Analyst**
    Josh joined Booster in 2019 with a focus on fixed interest and currency research, with two years' previous experience at the Indiana Finance Authority prior to moving to NZ in 2018 and spending some time in a contract market risk and compliance role with ACC.

12. **Andrew Holmes-Galloway, BCom (Hons), BA, Portfolio Implementation Analyst**
    Having originally joined Booster on the company's Graduate Programme, Andrew was appointed to the Research Team in 2016. Andrew focuses on trading execution and strategic asset allocation. Andrew has passed all three CFA exams.

Portfolio structure: Focused Active Management around a Diversified Core





(The above is based on Booster's MIA Balanced Portfolio, which pre-dates the launch of KiwiSaver in 2007.)

Return outcomes are shown after the effect of tax and Booster management fees, relative to available index exposure.

Monitoring Market Extremes: Risk Alert Monitor

The fallout from the technology bubble of the late 1990's taught us that diversified portfolios constructed according to conventional wisdom are less than optimal when markets are acting irrationally. The *Risk Alert Monitor* identifies periods when global equities are significantly overvalued and is derived from fundamental relationships that have held up for very long periods of time (over 150 years).

Four valuation indicators contribute to the *Risk Alert Monitor*:

1. Price-to-earnings ratio (a measure of how expensive shares are relative to company earnings). The ratio uses 10-year average earnings, adjusted for inflation, to smooth effects of the normal business cycle.

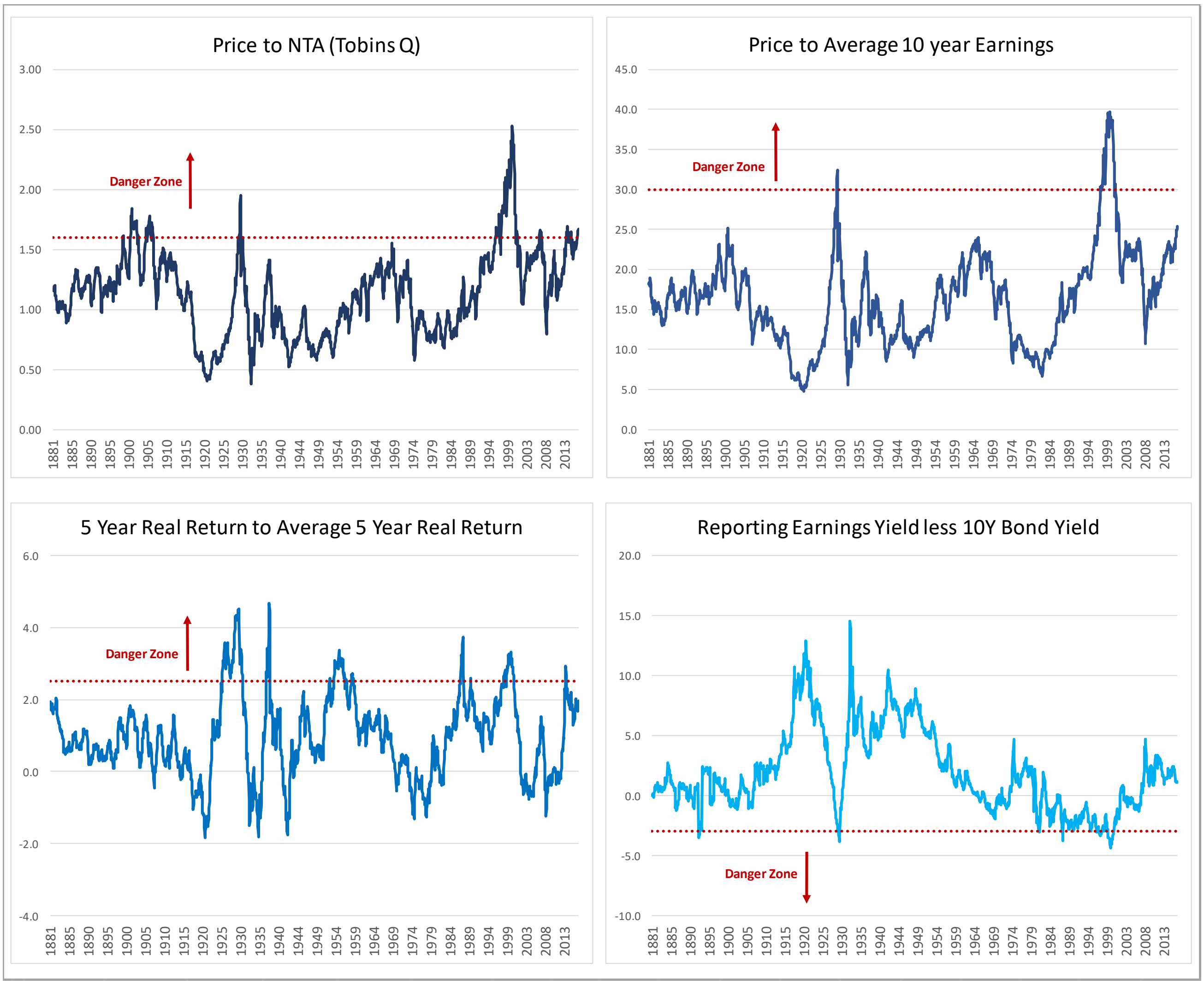
2. The additional "earnings yield" provided by shares, compared to the yield on bonds.

3. The average ratio of Share Prices to companies' Net Tangible Assets (NTA).

4. The most recent 5-year equity return, in real terms, divided by its long-term average.

Each indicator has a trigger point for highlighting apparent valuation extremes, as illustrated below.

While there have been numerous occasions where one of the indicators entered its danger zone, there have been only three periods when two or more indicators triggered simultaneously, highlighting more serious concerns. We must emphasise that the *Risk Alert Monitor* is one of many tools used to support the asset allocation decision-making process, which also includes the *Portfolio Risk Indicator Spectrum Monitor* (next page).

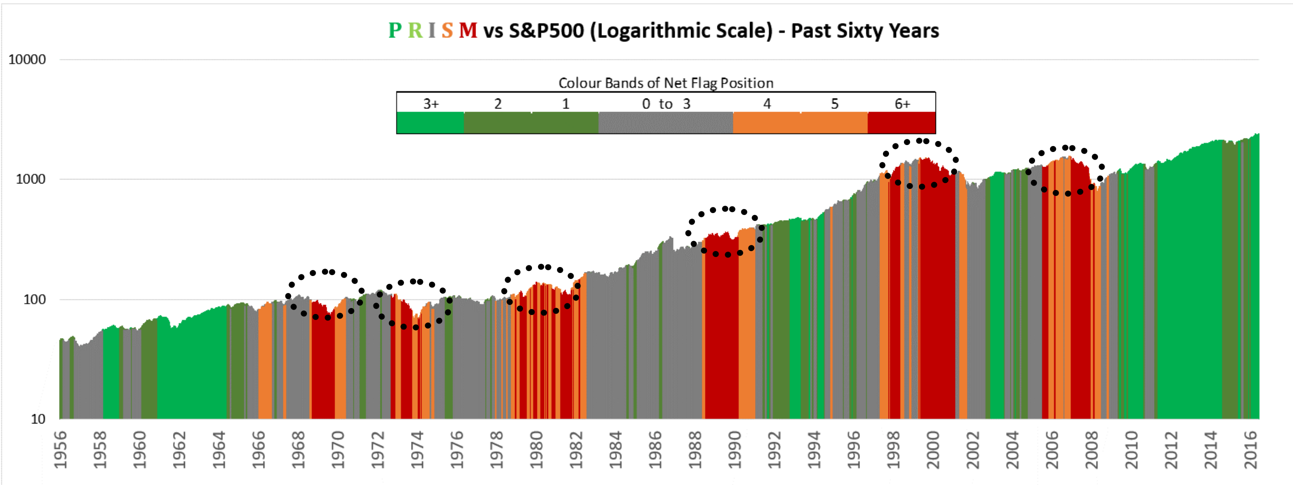


Cyclical Market Monitoring: PRISM

Building on the *Risk Alert Monitor* is Booster's *Portfolio Risk Indicator Spectrum Monitor (PRISM)*. The *PRISM* uses key indicators to focus on identifying relative opportunities and risks from the normal business and market cycle. It covers four areas of indicators; Macroeconomics, Risk Aversion, Monetary Policy and Momentum & Valuations. These four areas provide a dynamic overview of the world economy and equity markets, creating a framework of both positive and negative risks through a suite of 12 indicators. These are shown below with detail on the actual measures, and when an indicator is supportive of global markets (i.e. a green flag), or a headwind (red flag). Some indicators are more biased to identifying downside risks, so may only trigger a red flag.

PRISM	Triggers		Maximum Flags		
	Positive	Negative	8	10	12
Macroeconomic					
Leading Economic Index	Growing	Shrinking	▶		▶
Light Vehicle Sales	n/a	Declining		●	▶
Wages Growing	Low Growth	High Growth	▶	●	▶
Changes in Inflation	Stable	Unstable	▶		▶
Risk Aversion					
Corporate Bond Yields	n/a	Rising Quickly		●	▶
The Price of Gold	n/a	Rapid Change		●	▶
Monetary Policy					
Yield Curve	n/a	Inverting		●	▶
Supply of Money	In Excess	Contracting	▶	●	▶
Momentum and Valuations					
Corporate Profits	Strong Growth	No Growth	▶	●	▶
Earnings Yield - Bond Yield	Supportive	Expensive	▶	●	▶
Equity Market Short-term Performance	Above Trend	Below Trend	▶	●	▶
Equity Market Long-term Performance	Above Trend	Below Trend	▶	●	▶

The *PRISM* then consolidates each of the red and green flags to highlight when global equity markets are facing headwinds, or are being supported by tailwinds and identifies how mild or severe these fundamental drivers are.



Historically the *PRISM* has identified all recessions over the past 60 years, and anticipated six of the seven largest market corrections. The *PRISM* has also highlighted when markets had big tailwinds and fundamentals were supportive of global equities moving higher.

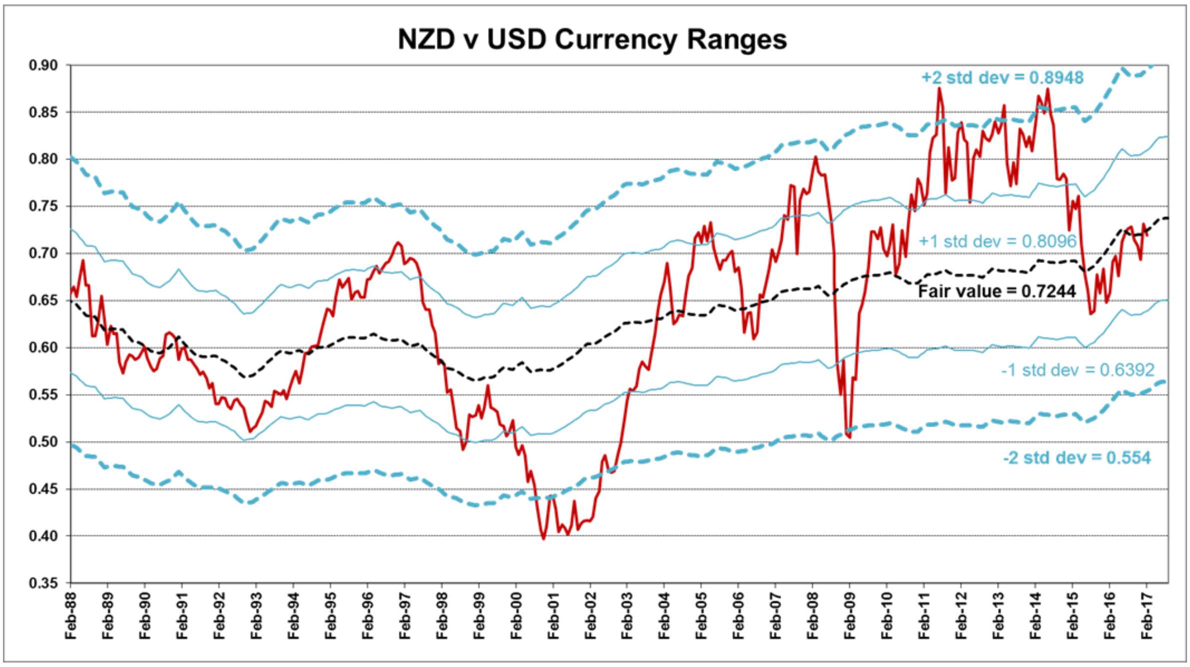
It must be reinforced though, that while the PRISM's history is supportive, like the *Risk Alert Monitor*, all active investment decisions and asset allocation changes consider a wider suite of indicators, and the PRISM is merely another supporting tool for the decision-making process.

Currency hedging philosophy

Historical NZ Dollar Performance and Fair Value

A widely acknowledged long-term driver of any country's exchange rate is its long-term economic growth. The chart below shows the actual performance of the NZ Dollar versus the US Dollar since it was floated in 1984, compared to a measure of "fair value" based on this principle. The "fair value line" has been calculated by taking the long run average exchange rate and adjusting for differences in GDP growth rates between the two countries. The dashed lines show statistical measures of extremes (one standard deviation and two standard deviations away from fair value).

Although there is no clear long-term trend in the exchange rate, there are clearly times when the NZ Dollar has risen to extreme highs, or fallen to extreme lows. Each time, however, real economic forces have eventually brought the exchange rate back to fair value.



Strategic Hedging Approach

Whilst a 100% static hedge would effectively remove all currency volatility, it is important to note that some unhedged global currency exposure is desirable for NZ-based investors. This adds to the diversification benefits from owning global shares, as the NZ Dollar tends to fall during global financial stress. It also allows investors to hedge against the impact of the exchange rate on their "consumption basket" – i.e., a fall in the exchange rate will increase the cost of imported consumer goods, but will also increase the NZD value of unhedged global shares.

Taking into account these factors, a strategic hedging policy has been designed to manage foreign currency exposure, based on research surrounding the long-term fair value of the NZD its intermediate trends. Once the exchange rate exceeds one standard deviation away from fair value, it may indicate the beginning of an "asymmetric" payoff from either reducing or increasing hedging from the "neutral" 60% level, within a 30%-80% range. This decision would include analysis of what has driven the move away from fair value (for example, interest rates or commodity prices) and what the catalyst would be for the direction of the trend to reverse. In accordance with Booster's overall investment philosophy, signs of an actual reversal in the trend would be a key part of the timing of any hedging change, given the NZ Dollar's historical tendency to remain away from fair value for some time.

Historical modelling shows that such a strategic currency hedging policy, built around adjusting hedge levels at statistical extremes, would have delivered the best cumulative return if implemented over the past 25 years, compared to three "static" alternatives of 100% hedged, 50% hedged or 0% hedged currency exposure.

Investment Process

Capturing Asymmetric Upside Potential

To implement the decision making principles outlined in this philosophy, all active investment decisions are made within a structured framework, which provides a clear monitoring basis for each decision by the Booster Investment Committee.

The criteria used in this structure are designed to limit the relative downside outcomes from any active decisions, seek a high level of conviction in relative upside potential, and encourage a patient approach to implementation based on medium-term changes in the market cycle. They provide for a position to be exited quickly in cases of any changes in its merits, or in the assessment of whether the investment cycle has turned in its favour. Importantly, this does not preclude re-entering the position once a cycle change is reaffirmed.

They key elements of this framework include:

- Fundamental investment rationale
- Assessment of relative upside potential
- Explicit identification of downside risks, with evidence of “asymmetric” upside risk profile
- Specification of key monitoring factors to assess ongoing downside risk potential
- Consideration of appropriate entry timing, with appropriate patience to delay execution
- Stop-loss review point

Together with the expertise within the team and disciplined approach to position sizes adopted through the Risk Budget (see below), this process is designed to provide a source of sustainable, asymmetric “upside” to returns from active management.

Carefully Controlled Active Management

The size of the allocation to each active investment decision is based explicitly on its desired contribution to performance, relative to strategic benchmarks. This assessment takes into account how much the returns from each allocation are expected to vary, using history as a guide (in investment terminology, the allocation’s “tracking error”). It reflects the reality of investment markets, where not all investments result in the same level of potential return, or risk per dollar invested, and active investment decisions therefore need to be carefully balanced.

This “Risk Budgeting” process aims to ensure that overall portfolio returns reflect enough active management to deliver value to investors over time, while also controlling how much overall portfolio returns are expected to vary from long-run benchmarks.

The current Risk Budget for the MIA Balanced Portfolio is illustrated below.

	Active Position	**Position size**		**Relative Downside Risk Exposure***	
				KiwiSaver	**MIA**
				-1.45%	*-2.55%*
		KiwiSaver	**MIA**	Per position	Per position
Global shares	Overweight global shares	+2.5% (Balanced Fund)	+5% (Balanced Fund)	-0.32%	-0.64%
	Overweight global energy sector	1% of global shares	3% of global shares	*-0.05%*	*-0.15%*
	Magellan Global Fund		10% of global shares		-0.12%
	Fisher Concentrated Strategy	17.5% of global shares	22.5% of global shares	-0.29%	-0.28%
	Rothschild Global Direct Share Portfolio	17.5% of global shares	22.5% of global shares	-0.24%	-0.28%
Fixed Interest	Underweight global fixed interest v cash	-4% (Balanced Fund)	-12% (Balanced Fund)	-0.14%	-0.42%
Australasian shares	Australian Shares - active stock selection			-0.06%	-0.10%
	(overweight James Hardie)	*+3% vs index*			
	(underweight Banks)	*-4% vs index*			
	(underweight supermarkets)	*-4% vs index*			
	(underweight REITs)	*-3% vs index*			
	Schroder Australian Equity Fund	-	10% of Australian shares		-0.05%
	NZ Shares - active stock selection			-0.17%	-0.15%
	(overweight Scales Corp)	*+ 2% vs index*			
	(overweight Contact Energy v Mercury)	*+/-2.5% vs index*			
	(overweight Restaurant Brands)	*+ 2% vs index*			
	(overweight Aged Care)	*+ 2% vs index*			
PE/Property	Private Land and Property Portfolio	18% of Property exposure		-0.06%	-0.15%
	Tahi Limited Partnership	11% of NZ shares exposure		-0.08%	-0.16%

* annualised basis at 90% confidence level

Structured Company Share Assessment

Before deciding whether to buy or sell a particular share, the starting point for the prudent investor should be a thorough analysis of the company's quality. We will actively target holdings in well-researched, quality companies, but we will also take a patient approach and look to add them to the portfolio when they also offer good value.

We have three pillars of our company research framework: Management, Business Model and Financial Robustness.

Management:

- *Businesses that are Shareholder Friendly.*
- *Businesses that have an exemplary Execution track record.*
- *Businesses that have a highly independent and quality Governance Framework.*

When buying shares in a business you are in effect giving your capital to someone else to manage, therefore understanding who they are and if they will do a good job is paramount. When assessing a business, we look for excellent governance with experienced directors and executives, whose interests are aligned with your own as shareholders.

We review the long term strategic goals and expect to see a long history of achieving past strategic goals. We like to see a management team that is open to engagement with shareholders and is focused on creating long term value, while returning excess capital to us, in the form of dividends or buybacks.

Business Model:

- *A company that is not overly Complex.*
- *A company that has a history of establishing and maintaining Economic Moats.*
- *A company that has strong prospects for growth.*

A company's business model should flow directly from its long term strategic goals, and will make a huge difference in delivering long-term capital and dividend growth. If a business is too complex, with too many products across too many countries, even the best management team in the world will struggle to deliver on strategic goals. A simple company that has an unregulated monopoly is the most ideal business, as it can maintain a sustainable competitive advantage and high profit margins.

Monopolies come in many different forms, the most obvious being a toll bridge over a river with no other way to cross for miles. Less obvious monopolies are found within unique brands, patents, or even psychological elements, like safety or exclusivity, which create barriers to entry that are hard to replicate. In addition, the business could also be in the right place at the right time, with large long term tailwinds for growth, the most obvious being the aging population thematic.

Financial Robustness:

- *When assessing a company's financial position, we look at a mixture of historical and forward looking data sets, including returns on equity, the company's balance sheet capacity, and the company's ability to generate large amounts of cash and convert this into earnings.*

During the Global Financial Crisis share markets were littered with companies that failed to deliver satisfactory returns for shareholders, as they carried too much debt into the crisis and had no capacity to survive the downturn without raising capital.

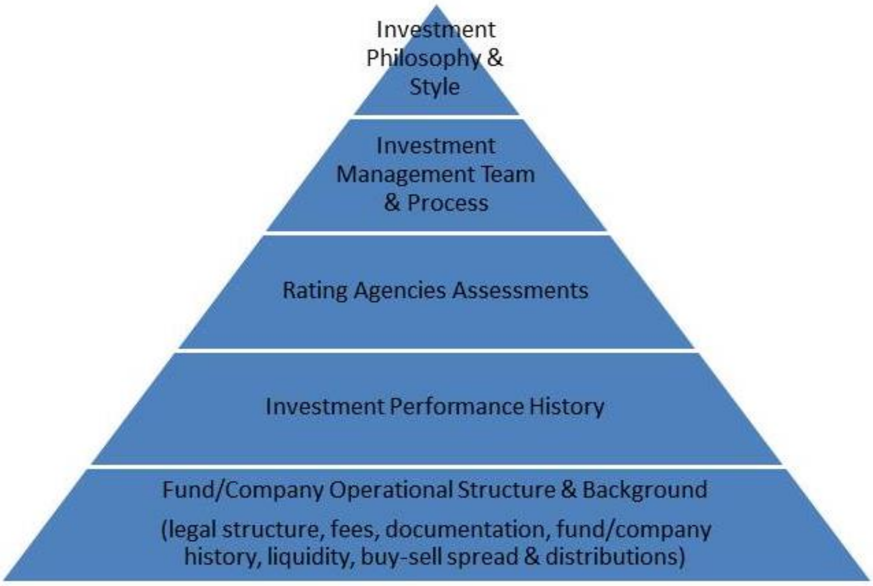
This highlights the importance of a company having a strong balance sheet, to not only weather all aspects of an economic cycle, but also provide opportunities to buy assets at discounted prices from other businesses that were not so wise. In addition, we like to see companies that demonstrate high levels of stable and growing cash flow, that deliver increased earnings and dividends for shareholders over time.

Overall Assessment:

Through our qualitative scoring of each pillar we arrive at a total quality score for a business, that gives a good starting point for choosing companies that have the potential to deliver higher levels of long-term capital and dividend growth than the wider market. This quality score is incorporated explicitly into the decision of which companies to focus portfolio holdings in, complementing our "top-down" macroeconomic and valuation assessment.

Assessing Managed Funds

Booster employs a comprehensive fund assessment process, with ongoing monitoring to ensure that performance is consistent with expectations. Appointment of any external manager is subject to approval by the Booster Investment Committee.



SECTION A – Investment Approach and Competence

Investment Management Philosophy & Style

- What is the stated investment philosophy & Style? Is it consistent with the Booster structure?
- Have any significant changes been made in recent times to the current philosophy and/or style?

Investment Management Team & Process

- How experienced is the Investment team? How stable has the team been?
- How many people are involved in the investment decision-making process? How reliant is the organisation and the fund on one or two key individuals?
- What is the forum for decision-making? (e.g. team consensus, individual portfolio manager)
- How are members of the investment team remunerated and incentivised?
- What are the key criteria used to select securities for the fund?
- What key risk management techniques are used?

Ratings Agencies Assessments

- How have rating agencies assessed the manager's investment management competence, particularly relating to the fund(s) under consideration?
- What are the current and historical ratings on the fund(s) under consideration?

Investment Performance History

- How do historical returns compare with stated objectives & philosophy; versus benchmarks and peer groups?
- What is the consistency of value add over time, and how does this vary between rising and falling markets?
- What is the downside investment performance risk potential?
- What is the ex-post tracking error and ex-ante tracking error limit/guideline, if any?
- What constraints are imposed on the portfolio strategy? Are these consistent with the tracking error guidelines?
- Does the fund provide a meaningful complement to the index-based core of portfolios after fees?

SECTION B – Structure and Background

Legal Structure of the Investment Vehicle & Tax Implications

- What type of fund is it? E.g. PIE, GIF, Unit Trust, FIF; Listed; Unlisted; SMA? Where is it domiciled?
- Can this type of fund legally be included in our portfolio structure?
- How complicated is the fund structure?
- Does the fund invest directly or via another vehicle? If through another vehicle, what is that vehicle's structure?
- Are there any credit risk issues involved with the vehicle?
- Is the product a tax effective option for gaining the desired investment exposure?
- Does the policy on recognition of tax assets within the product result in either inclusion of tax assets in the unit price which may not be fully realised, or potential tax assets that are not included in the unit price?

Fees

- What are the management fees charged? Are fees charged within or outside the vehicle?
- Are fees charged within the vehicle able to be rebated?

Documentation & Supporting Material

- How does the level of transparency and disclosure rate?
- Are there any "unusual" elements to the offer documents?
- How clear and comprehensive are the fund's supporting material and business support to investors?

Fund History

- What is the current size of the fund? How has this changed over the last five years?
- Are there any investors who dominate the unit holder or share registry? If so, what are the details?

Company History / Strength

- How long has the provider been engaged in the management and distribution of funds?
- What is the total size of Funds Under Management? How has this changed over the last five years?
- What is the current ownership structure and how stable has this been? How stable is it likely to be in the future?

SECTION C – Operational Suitability

Purchase & Sale Transactions

- What is the process for purchasing and redeeming units?
- What is the allowed purchase/sale frequency? I.e. daily, weekly, monthly?
- What is the turnaround time for withdrawals, and what are the implications of this for overall portfolio liquidity?

Unit Price Valuations & Pricing of Securities

- How often are unit prices calculated? How timely are these communicated?
- What is the valuation approach regarding assets denominated in foreign currencies? E.g. at what time of the day are exchange rates used and where are these sourced?
- Is there a buy/sell spread in place?

Distributions from the Fund

- What is the stated distribution policy?
- Are distributions accrued within the fund value and therefore captured within the unit pricing process?

Ongoing Monitoring

To ensure invested funds continue to meet asset class return expectations, all external managers are subject to ongoing performance appraisal. This appraisal takes into account the expected performance dynamics resulting from each manager's approach. A key tool for assessing manager performance is evaluating rolling one-year, three-year and five-year tracking-error (TE) and information ratio (IR) outcomes, relative to both expected levels and "budgeted" tracking error for the manager as a part of the wider portfolio.

Traditional performance analysis measures performance over a fixed time horizon, typically the three and five most recent years and subsequently suffers from limitations. Good performance in some years can mask poor performance in others, making it difficult to estimate the portfolios current performance and harder still to identify transitions from good performance to bad. Rolling performance assessment, on the other hand, enables us to identify periods of underperformance and outperformance and assess the transitions between them. This aids us in confirming the success or shortfall of manager strategy and any apparent changes in risk levels or approach.

Implementing Socially Responsible Portfolios

Socially Responsible Investing (SRI) normally focuses on selecting investments where, in addition to the normal financial criteria, consideration is also given to how serious a company takes its responsibilities in mitigating the negative aspects that its business activities may have on the wider community and environment.

The most common methodology for SRI is to use a negative screening process, which avoids certain companies or industries that overall are assessed as having a negative impact on society. At an industry level, this often rules out industries associated with gambling, alcohol, armaments and tobacco.

In addition, SRI can also include shareholder advocacy, whereby the investment manager takes an active role in ensuring a company acts responsibly on a range of environmental, social, or governance (ESG) issues. SRI can also use other criteria such as the level of community investment, whereby companies are assessed on what financial and other support they provide to underserved segments of the community.

Investment managers may assess companies on all of these issues and rank them. Once the screening is complete, investments are then selected from this new socially responsible universe. The end result is a universe of companies that, according to the criteria, will have a more positive impact on the overall community.

Current Booster Policy

Booster offers a range of specific SRI fund options to investors, which follow ESG principles, but which initially exclude all investments that are inconsistent with certain values based criteria. Specifically, investments in directly held companies and managed fund investments with more than an incidental proportion of revenue generated from the following activities are excluded:

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

Implementation and monitoring

The assessment of investments for compliance with the above policy and criteria is tightly integrated with broader portfolio monitoring. Key steps in the management process include:

- All new investments added to SRI portfolios are subject to a test against the above principles. The results of this are required to be notified to the Research Manager and CIO in respect of the company's addition. Where there is any potential ambiguity regarding the compliance of a new investment with the Booster SRI policy, its inclusion is required to be formally approved by the Booster Investment Committee.
- Corporate actions and changes in key business direction are monitored for existing portfolio holdings, to identify any changes that might impact a company's compliance with the SRI criteria.
- As part of this process, each company is required to be reviewed at least annually.
- Any investments that are assessed to no longer comply with the SRI policy are required to be sold within a reasonable timeframe, but no later than one month after identification of non-compliance.