



## Fund update for the quarter ended 31 December 2016

This Fund update was first made publicly available on the 17 of February 2017. It replaced the Fund update that was made on the 10 of February 2017. The Market Index Annual Return was amended from 5.96% to 5.19% for the past year and for 7.22% to 5.59% for the past 5 years. It can also be viewed online at [www.disclose.govt.co.nz](http://www.disclose.govt.co.nz)

### DEVON ALPHA FUND

## What is the purpose of this update?

This document provides key information about the Devon Alpha Fund ("Alpha Fund"). It tells you how the Fund has performed and what fees it charged, and will help you to compare it with other funds. Devon Funds Management Limited prepared this statement in accordance with the Financial Markets Conduct Act 2013. This information is not audited and may be updated.

## Description of this Fund

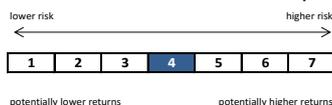
The Alpha Fund is a concentrated portfolio of approximately 10-15 select companies listed on the New Zealand and Australian share markets. The Alpha Fund does not follow an equity index and is actively managed. When appropriate investment opportunities cannot be identified, the Alpha Fund may hold cash or cash equivalent securities. The Alpha Fund aims to generate capital growth over the long term.

For the quarter ended at 31 December 2016

Total value of the Fund	\$98,661,200.68
Date the Fund started	3-Jun-10

## What are the Risks of Investing?

The risk indicator for the Devon Alpha Fund is below:



The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the Fund's assets goes up and down. A higher risk generally means higher potential returns over time, but more ups and downs along the way. This risk indicator is not a guarantee of a fund's future performance. The risk indicator is based on the returns data for 31 December 2016. While risk indicators are usually relatively stable, they do shift from time to time. The risk indicator will continue to be updated in future fund updates.

To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at: [www.sorted.org.nz/tools/investor-kickstarter](http://www.sorted.org.nz/tools/investor-kickstarter)

NB: Even the lowest category does not mean a risk-free investment, and there are other risks that are not captured by this rating.

See the Devon Product Disclosure Statement (PDS) for more information about the risks associated with investing in this Fund.

## How has the Fund performed?<sup>1</sup>

Devon Alpha Fund	Past Year	Past 5 Years
Annual Fund Return (after deduction for fund fees and tax)	-0.16%	13.56%
Annual Fund Return (after deductions for charges but before tax)	0.38%	14.02%
Market Index Annual Return*	5.19%	5.59%

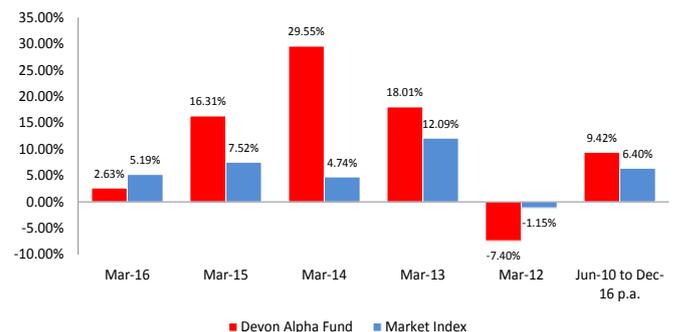
(reflects no deduction for charges and tax)

\*The Market Index return is for indicative purposes only. The Devon Alpha Fund is an actively managed absolute return fund that does not track an equity index. The market index is based on 50% of the 90 day bank bill returns and 50% of the 50:50 S&P/NZX50 Gross Index and the S&P/ASX200 Gross Accumulation Index. For details on the calculation of the Market Index Return please refer to [www.disclose.govt.co.nz](http://www.disclose.govt.co.nz)

<sup>1</sup> Please refer to Further Information on the bottom of page 2.

## How has the Fund performed in the past?

### Annual Return Graph<sup>2</sup>



This shows the return after fund charges and tax for each year ending 31 March since the Fund started. The last bar shows the average annual return since the Fund started, up to 31 December 2016. Important: This does not tell you how the Fund will perform in the future. Returns in this update are after tax at the highest prescribed investor rate (PIR) of tax for an individual New Zealand resident. Your tax may be lower.

## What fees are investors charged?<sup>3</sup>

Investors in the Alpha Fund are charged Fund charges. In the year to 31 March 2016 these were:

	% of net asset value
Total Fund Charges:	1.25%
These are comprised of the below management, administration and performance charges.	
Manager's basic fee:	1.00%
Other management and administration charges:	0.25%
Performance fees <sup>4</sup> (if applicable):	0.00%

See the product disclosure statement for more information about the basis on which performance fees are charged.

## Example of how this applies to an investor

Small differences in fees and charges can have a big impact on your investment over the long term.

Chris had \$10,000 in the Devon Alpha Fund at the start of the year and did not make any further contributions. At the end of the year, Chris received a return after fund charges were deducted of \$38 (that is 0.38% of his initial \$10,000). Chris does not pay any other charges. This gives Chris a total return after tax of -\$16 for the year.

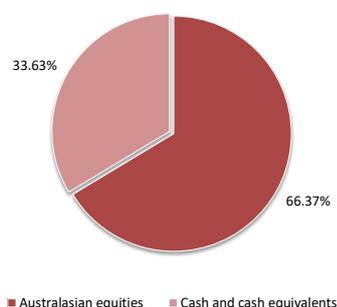
NB: Devon does not charge a buy/sell spread or any entry/exit fees.

## What does the Fund invest in?

Actual investment mix:

This shows the types of assets that the Fund is invested in as at 31 December 2016.

Actual Investment mix:



Target investment mix:

This shows the mix of assets that the fund aims to invest in.

Australasian equities	0-100%
Cash and cash equivalents	0-100%
New Zealand fixed interest	0%
Other	0%

The Fund's currency exposure is actively managed.

## Top 10 investments

Asset name	% of fund net assets	Type	Country
Vista Group Holdings Ltd	9.02%	Australasian equities	NZ
National Australian Bank	8.50%	Australasian equities	AU
Contact Energy	6.67%	Australasian equities	NZ
GTN Limited	6.55%	Australasian equities	AU
Spark Infrastructure Group	5.85%	Australasian equities	AU
Resmed	5.52%	Australasian equities	AU
Healthscope Limited	4.77%	Australasian equities	AU
Metlifecare	4.76%	Australasian equities	NZ
Z Energy Limited	4.63%	Australasian equities	NZ
NZD Cash	31.42%	Cash and cash equivalents	NZ

## Key personnel

Name	Current position	Years	Months
Slade Robertson	Portfolio Manager	6	5

## Further information

You can also obtain this information, the PDS for the Devon Investment Funds and some additional information from the offer register at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose).

Notes: (1) After tax performance assumes an investor is taxed at the highest Prescribed Investor Rate of 28%. (2) Fund returns are after deduction of fees. (3) Fund fees are charged as a percentage of an investor's interest in the Fund. (4) For more information on performance fees, please refer to the PDS found at [www.devonfunds.co.nz](http://www.devonfunds.co.nz) or [www.disclose.govt.co.nz](http://www.disclose.govt.co.nz)