



## Fund update for the quarter ended 30 September 2017

This Fund update was first made publicly available on the 27 October 2017

### DEVON DIVERSIFIED INCOME FUND

### What is the purpose of this update?

This document provides key information about the Devon Diversified Income Fund ("Diversified Income 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

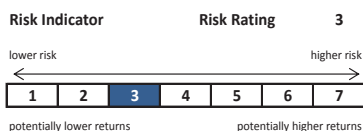
The Diversified Income Fund is a carefully selected portfolio of government and corporate bonds, cash, listed property, infrastructure and utility companies, high yielding equities, credit securities and other yielding financial assets. Devon utilises its expertise in Australasian equities either directly or through our managed investment scheme. We employ the specialist services of the JBWere Fixed Interest team to advise on fixed interest security selection and aid in portfolio construction. Devon has control over this investment process.

For the quarter ended at 30-Sep-2017

Total value of the fund	\$4,735,249
Date the fund started	1 Jan 2016

### What are the Risks of Investing?

The risk indicator for the Devon Diversified Income 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 30 September 2017. 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 Diversified Income Fund    Past Year

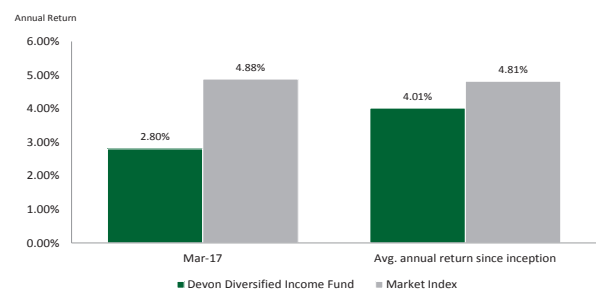
Annual Fund Return (after deduction for fund fees and tax)	1.80%
Annual Fund Return (after deduction for fund fees but before tax)	2.69%
Market index* annual return (reflects no deduction for charges and tax)	4.16%

\*The market index returns are based on 75% of the 90 Day Bank Bill returns and 25% of the 50:50 composite of the 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.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose)

<sup>1</sup> Please refer to Further Information on the bottom of page 2. Additional information about the market index is available on the offer register.

### 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 30 September 2017. **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 Diversified Income Fund are charged Fund charges. In the year to 30 September 2017 these were estimated at:

Devon Diversified Income Fund	% of Net Asset Value
<b>Total Fund Charges</b>	<b>0.90%</b>
These are comprised of the below management, administration and performance charges:	
Manager's basic fee:	0.65%
Other management and administration charges:	0.25%
Performance fees (if applicable):	0.00%

Investors are not charged individual action fees for specific actions or decisions at this time (for example, withdrawing, switching, buy/sell spread or entry/exit fees). See the [Product Disclosure Statement](#) for more information about those fees and the basis on which performance fees are charged.

## Example of how this applies to an investor

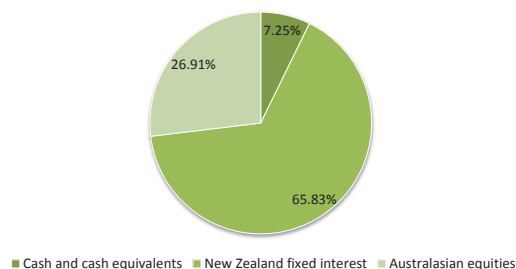
Small differences in fees and charges can have a big impact on your investment over the long term.

Chris had \$10,000 in the Devon Diversified Income 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 \$269 (that is 2.69% of his initial \$10,000). Chris does not pay any other charges. This gives Chris a total return after tax of \$180 for the year.

## What does the Fund invest in?

Actual investment mix:

This shows the types of assets that the Fund is invested in as at 30 September 2017.



Target investment mix:

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

Australasian equities	0-25%
Cash and cash equivalents	0-100%
New Zealand fixed interest	0-100%
Other	0-10%

The Fund's currency exposure is actively managed. The portfolio is currently 98.4% hedged against its AUD exposure.

## Top 10 investments

Asset name	% of fund net assets	Type	Country	Credit rating
Devon Dividend Yield Fund	26.90%	Australasian equities	NZ	0
ANZ Bank New Zealand Ltd Bonds 3.71% 01/09/2023	8.47%	New Zealand fixed interest	NZ	0
Cash and cash equivalents	7.25%	Cash and cash equivalents	NZ	0
Quayside Holdings Limited Perpetual	6.26%	New Zealand fixed interest	NZ	0
ABB 26/05/2021 4.245% ASB Bank Limited Bonds	5.83%	New Zealand fixed interest	NZ	0
Westpac Bank 3.795% 28/04/2021	5.30%	New Zealand fixed interest	NZ	0
ABB 15/12/2026 5.25% - ASB Bank Limited Subordinat	4.39%	New Zealand fixed interest	NZ	0
BNZ 15/06/2023 4.102% Bank of New Zealand Medium T	4.33%	New Zealand fixed interest	NZ	0
Westpac Banking Corp Notes 4.695% 01/09/2026	4.32%	New Zealand fixed interest	NZ	0
Rabobank Nederland Perpetual	4.22%	New Zealand fixed interest	NZ	0
Total value of top 10 assets	77.30%			

## Key personnel

Name	Current position	Years	Months	Previous position	Years	Months
Nick Dravitzki	Portfolio Manager	5	4	Investment analyst	2	0

Nick took over management of the Devon Diversified Income Fund on 1 Jan 2017

## 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.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose)