



## Fund update for the quarter ended 30 September 2018

This Fund update was first made publicly available on 26 October 2018.

### DEVON DIVIDEND YIELD FUND

### What is the purpose of this update?

This document provides key information about the Devon Dividend Yield Fund ("Dividend Yield 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

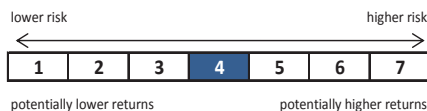
The Dividend Yield Fund is a select portfolio of approximately 25-35 New Zealand and Australian listed equity securities chosen for their attractive dividend yields, with some growth prospects to maintain the dividend yield and capital value in real terms. The Dividend Yield Fund is actively managed, which means the holdings and investment returns may differ considerably from its benchmark.

For the quarter ended at 30-Sep-2018

Total value of the fund	\$36,331,782
Date the fund started	20 Dec 2012

### What are the Risks of Investing?

The risk indicator for the Devon Dividend Yield 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 2018. 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>

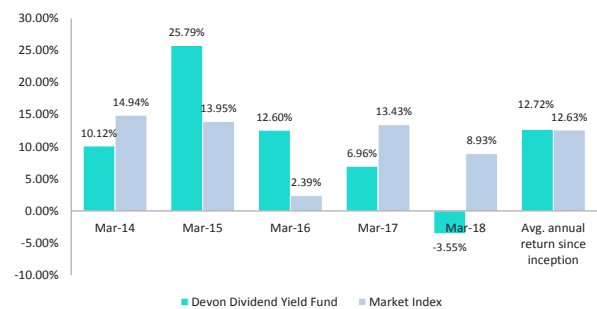
Devon Dividend Yield Fund	Avg. over past 5 Years	Past Year
Annual Fund Return (after deduction for fund fees and tax)	11.60%	7.47%
Annual Fund Return (after deduction for fund fees but before tax)	13.19%	8.96%
Market index* annual return (reflects no deduction for charges and tax)	11.44%	15.98%

\* 50:50 composite of the S&P/NZX50G index and the S&P/ASX200G index fully hedged to NZD. 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 2018. **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 Dividend Yield Fund are charged Fund charges. In the year to 31 March 2018 these were:

Devon Dividend Yield Fund	% of Net Asset Value
Total Fund Charges <small>These are comprised of the below management, administration and performance charges:</small>	1.00%
Manager's basic fee:	0.70%
Other management and administration charges:	0.30%
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

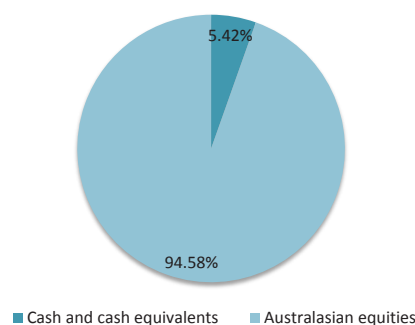
Small differences in fees and charges can have a big impact on your investment over the long term.

Chris had \$10,000 in the Devon Dividend Yield 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 \$896 (that is 8.96% of his initial \$10,000). Chris does not pay any other charges. This gives Chris a total return after tax of \$747 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 2018.



Target investment mix:

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

Australasian equities	90-100%
Cash and cash equivalents	0-10%
New Zealand fixed interest	0%
Other	0%

The Fund's currency exposure is actively managed. 97.16% of the overseas currency is currently hedged to NZD.

## Top 10 investments

Asset name	% of fund net assets	Type	Country	Credit rating
Meridian Energy Limited	6.79%	Australasian equities	NZ	
Contact Energy	5.97%	Australasian equities	NZ	
Cash and cash equivalents	5.42%	Cash and cash equivalents	NZ	
Z Energy Limited	4.95%	Australasian equities	NZ	
BHP Billiton	4.90%	Australasian equities	AU	
National Australian Bank	4.78%	Australasian equities	AU	
Trade Me Ltd	3.97%	Australasian equities	NZ	
Spark New Zealand Limited	3.94%	Australasian equities	NZ	
ANZ Banking Group	3.84%	Australasian equities	AU	
Westpac Banking Corporation	3.55%	Australasian equities	NZ	
Total value of top 10 assets	48.13%			

## Key personnel

Name	Current position	Years	Months	Previous position	Previous Employer	Years	Months
Nick Dravitzki	Primary Portfolio Manager	6	4	Investment analyst	NZ Funds	2	0
Tama Willis	Secondary Portfolio Manager	6	3	Investment Analyst	GIC Asset Management	2	0
Mark Brown	Chief Investment Officer	0	9	Head of Equities	ANZ	6	0
Chris Gaskin	Portfolio Manager	8	6	Portfolio Manager	Brook Asset Management	4	2
Slade Robertson	Managing Director	1	8	Portfolio Manager	Devon	6	10

## 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)