

For the quarter ended 30 September 2021

This fund update was first made publicly available on 29 October 2021

## DEVON ALPHA FUND

### What is the purpose of this update?

This document tells you how the Devon Alpha Fund has performed and what fees were charged. The document will help you to compare the fund with other funds. Devon Funds Management Limited prepared this update 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 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.

|                         |                  |
|-------------------------|------------------|
| Total value of the fund | \$116,417,302.41 |
| Date the fund started   | 3 June 2010      |

### What are the risks of investing?

Risk indicator for the Devon Alpha Fund:



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.

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).

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

This risk indicator is not a guarantee of a fund's future performance. The risk indicator is based on the returns data for the five year period to 30 September 2021. 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.

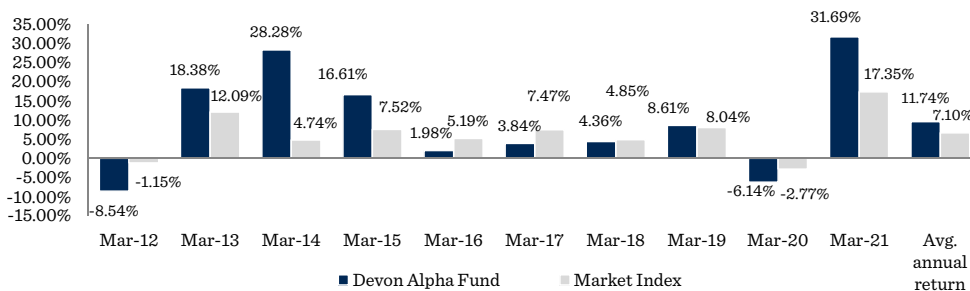
See the [Product Disclosure Statement \(PDS\)](#) for more information about the risks associated with investing in this fund.

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

|   | Avg. over past 5 Years | Past Year |
|---|------------------------|-----------|
| Annual Fund Return (after deduction for fund fees and tax)              | 8.46%                  | 24.30%    |
| Annual Fund Return (after deduction for fund fees but before tax)       | 8.79%                  | 23.46%    |
| Market index* annual return (reflects no deduction for charges and tax) | 6.62%                  | 9.73%     |

\*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.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.

### Annual return graph<sup>2</sup>



This shows the return after fund charges and tax for each year ending 31 March for the last 10 completed years. The last bar shows the average annual return for the last 10 completed years, up to 30 September 2021. **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 Devon Alpha Fund are charged fund charges. In the year to 31 March 2021 these were:

|   | % of Net Asset Value |
|---|----------------------|
| Total Fund Charges  | 5.34%                |
| Comprising of the below management, administration and performance charges: |                      |
| Manager's basic fee:  | 1.00%                |
| Other management and administration charges:                                | 0.25%                |
| Performance fees (if applicable):   | 4.09%                |

Investors are not charged individual action fees for specific actions or decisions (for example, for withdrawing from or switching funds). See the [PDS](#) for more information about those fees.

## Example of how this applies to an investor

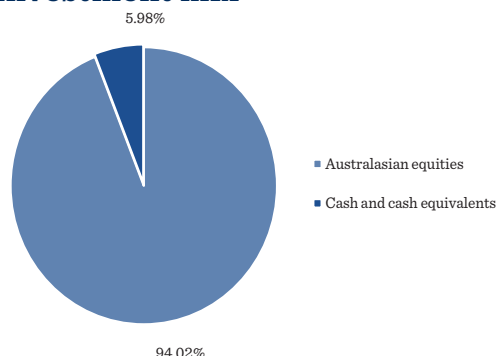
Small differences in fees and charges can have a big impact on your investment over the long term.

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 \$2,346 (that is 23.46% of his initial \$10,000). Chris does not pay any other charges. This gives Chris a total return after tax of \$2,430 for the year.

## What does the fund invest in?

The chart (below) shows the types of assets that the Devon Alpha Fund invests in.

### Actual investment mix



The Fund's currency exposure is actively managed. The portfolio is currently 49.72% hedged against its AUD exposure.

### Target investment mix

| Asset Sector               | Range % |
|----------------------------|---------|
| Cash and cash equivalents  | 0 - 100 |
| Australasian equities      | 0 - 100 |
| International equities     | 0       |
| New Zealand fixed interest | 0       |
| Other                      | 0       |

## Top 10 investments

| Asset name                 | % of fund net assets | Type                      | Country | Credit rating |
|----------------------------|----------------------|---------------------------|---------|---------------|
| National Australian Bank   | 10.36%               | Australasian equities     | AU      |               |
| Contact Energy             | 9.90%                | Australasian equities     | NZ      |               |
| Sky City Entertainment     | 8.90%                | Australasian equities     | NZ      |               |
| Cleanaway Waste Management | 8.32%                | Australasian equities     | AU      |               |
| BHP Billiton               | 8.04%                | Australasian equities     | AU      |               |
| Ramsay Health Care         | 8.01%                | Australasian equities     | AU      |               |
| Seek                       | 7.75%                | Australasian equities     | AU      |               |
| CSL Limited                | 7.68%                | Australasian equities     | AU      |               |
| Qantas Airways             | 7.52%                | Australasian equities     | AU      |               |
| Cash and cash equivalents  | 5.98%                | Cash and cash equivalents | NZ      |               |

The top 10 investments make up 82.45% of the net asset value of the Fund.

## Key personnel

| Name            | Current position                                 | Time in current position | Previous position                         | Time in previous position |
|-----------------|--|--------------------------|---|---------------------------|
| Slade Robertson | Managing Director, Devon Funds Management        | 4 years, 8 months        | Portfolio Manager, Devon Funds Management | 6 years, 10 months        |
| Tama Willis     | Portfolio Manager, Devon Funds Management        | 9 years, 3 months        | Investment Analyst, GIC Asset Management  | 2 years, 0 months         |
| Chris Gaskin    | Portfolio Manager, Devon Funds Management        | 11 years, 6 months       | Portfolio Manager, Brook Asset Management | 4 years, 2 months         |
| Mark Brown      | Chief Investment Officer, Devon Funds Management | 3 years, 9 months        | Head of Equities, ANZ                     | 6 years, 0 months         |

## Further information

You can also obtain this information, the PDS for the Devon 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)