Statement of Investment Policy and Objectives (SIPO)

DEVON FUNDS.

07.08.2026

ISSUER: DEVON FUNDS MANAGEMENT LIMITED

DEVON ALPHA FUND

DEVON AUSTRALIAN FUND

DEVON DIVIDEND YIELD FUND

DEVON GLOBAL IMPACT BOND FUND

DEVON GLOBAL SUSTAINABILITY FUND

DEVON SUSTAINABILITY FUND

DEVON TRANS-TASMAN FUND

This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer on www.business.govt.nz/disclose. Devon Funds Management Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013 (FMC Act). You can also seek advice from a financial advice provider to help you to make an investment decision.

Contents.

Welcome to Devon Funds Management.

Manager of the Devon Investment Funds

Dear Investor

Devon is an investment management business that specialises in building investment portfolios for our clients. Our highly qualified and experienced investment team is committed to helping our clients achieve their investment objectives. We believe our advantage lies in our people – a dedicated team of investment professionals with many years' experience in the investment industry, both within Australasia and further afield. We've worked hard to assemble the right talent with the necessary skills and experience to manage our clients' portfolios.

It is the policy of Devon that investment staff can only invest in Australasian equities via the Devon Funds, ensuring our investment team's decisions and our clients' interests are aligned. We manage money on behalf of a diverse range of leading New Zealand clients, including large superannuation schemes, Community Trusts, charities, KiwiSaver schemes, Iwi, corporate pension schemes and individual investors.

Our Values

We appreciate that you have entrusted your hard earned wealth to us and take our fiduciary duty owed to you, as our client, very seriously. We believe that, on your behalf, we have an obligation to ensure that the businesses we invest in conduct themselves in accordance with the highest governance standards. Where these standards are not being demonstrated we will actively engage with the company to seek improvement. In our view, better returns can be achieved if the businesses we invest in are good corporate citizens who look after the interests of all stakeholders and operate in a sustainable manner.

We are a signatory to the United Nations supported Principles for Responsible Investment (PRI). The PRI provides global principles and a framework to help us integrate the consideration of Environmental, Social and Governance (ESG) issues into our investment decision-making and portfolio construction framework. As part of this process we report annually to the PRI on our adherence to these policies. We are also a member of the Responsible Investment Association of Australasia (RIAA) and a founding member of the New Zealand Corporate Governance Forum which has been established to promote globally recognised governance standards in New Zealand.

We are proud of what we have achieved at Devon in creating a leading investment management business and thank you for considering us as part of your wealth solution.

Regards,

Josh Wilson
Chief Executive Officer, Devon Funds Management

Introduction.

What is a SIPO?

A Statement of Investment Policy and Objectives (SIPO) is a document that sets out the investment governance and management framework, philosophy, strategies and objectives of a Managed Investment Scheme and its investment funds. The most current version of the SIPO is available on the schemes register at www.business.govt.nz/disclose/ or at www.devonfunds.co.nz.

Purpose of this SIPO

This SIPO applies to the Devon Investment Funds Scheme (the Scheme) and plays an important role in ensuring the effectiveness of the overall accountability framework for the Scheme. It does this by clearly articulating the objectives and parameters of the Scheme and by being publicly available, it allows better transparency for our stakeholders. The investment options offered under this SIPO are listed in the Description of Managed Investment Scheme (MIS) section on page 4.

Effective date

The effective date of this SIPO is 07 August 2026, replacing the SIPO dated 2 April 2026, and will be reviewed in accordance with our SIPO Review and Monitoring framework on page 17.

Defined terms

Devon Funds Management Limited is the Manager of the Devon Investment Funds and is referred to as "Devon", "we", "us" or "our" in this Document. Capitalised words that appear in this Document have the same meaning as given to them in the Devon offer documents, unless they are otherwise defined. Any reference to "you" or "your" refers to a person or entity who invests in a Fund.

Description of the Managed Investment Scheme (MIS)

Our Family of Funds

Devon Funds Management offer a range of Funds under this Managed Investment Scheme, which are designed to meet different investor needs. One aspect that all of our Funds have in common is our commitment to seeking out the best returns available in a careful and considered way.

DEVON ALPHA FUND	DEVON AUSTRALIAN FUND	DEVON DIVIDEND YIELD FUND	DEVON GLOBAL IMPACT BOND FUND
DEVON GLOBAL SUSTAINABILITY FUND	DEVON SUSTAINABILITY FUND	DEVON TRANS-TASMAN FUND	

The Devon Alpha Fund, Devon Australian Fund, Devon Dividend Yield Fund, Devon Global Impact Bond Fund, Devon Global Sustainability Fund, Devon Sustainability Fund and Devon Trans-Tasman Fund, collectively known as the Devon Investment Funds (the Funds) are unit trust funds managed by Devon.

A unit trust fund is an investment that pools your money with other unit holders. We then apply the pooled money to buy investments under the oversight of the Supervisor. Your investment is the units of the unit trust fund that you subscribe for (your unit holding).

Benefits of investing in our Managed Investment Scheme

- **Professional Management:** Employing the expertise and resources of a professional manager may be beneficial if you do not have the time or skill to manage your own investments.
- **Diversification:** By pooling together large amounts of money, we are able to invest in a portfolio of securities which allows for diversification with the aim of reducing the risk of your investment. It also provides access to markets and securities that might otherwise be out of reach.
- **Administrative Simplicity:** Our Funds are Portfolio Investment Entities (PIEs). PIEs offer significant advantages from an administrative perspective. We take care of the paperwork involved in buying and selling securities, managing your dividends, interest, corporate actions, reporting and record keeping.
- **Tax Advantages:** Our Funds are all PIEs for tax purposes, meaning that if you are a New Zealand resident unit holder and have supplied us with the correct PIR, tax is usually paid on your behalf at a rate approximating your marginal tax rate and there is no further tax to pay. PIE tax is capped at 28% which can be a benefit for 33% tax rate investors.

Investment philosophy.

Investment Philosophy

Our Investment Philosophy has been tested over many years and throughout all types of market conditions. In summary our approach to investing is to:

- Take a long-term view;
- Be active investors;
- Bring a disciplined approach to risk management; and
- Do our own research.

Guided by this philosophy, we employ a rigorous and proven investment process designed to identify the best opportunities for investment and to ‘add value’ in a consistent manner for our clients.

Investment process.

Research

We filter and identify investment opportunities through detailed industry and company analysis. Our investment decisions are based on independent sources of information. Regular access to executive management and industry contacts are an integral part of our investment process. We use research models to value each company we wish to invest in, subjecting them to rigorous analysis by focusing on their earnings, capital structure, free cash flow generation and growth prospects.

Peer Review

Our investment team conducts a review of each business to assess its industry structure, management quality, governance structures, competitive position and growth plans. Peer reviews are then conducted to ensure we use the full experience of our team to identify what we believe are the best possible investment opportunities.

Portfolio Construction

An important part of our process is our formal Investment Committee Meeting. Within this forum the investment team discuss new investment ideas, review existing holdings and conduct a thorough review of the risks facing our investments. This process is also integral to the construction of our portfolios with the best of those opportunities identified in the research process being included in the Funds. The key factors we take into account in building the Funds or portfolios are valuation, our assessment of the business, its risk characteristics, liquidity, our views on the economy and the identification of a catalyst to generate performance. The Funds are then constructed in accordance with their investment guidelines.

DEVON ALPHA FUND

Investment objectives and strategies of our Funds.

Benchmark	Official Cash Rate (OCR) +5%
Investment Objective	The Fund aims to generate capital growth over the long term by actively investing in a concentrated portfolio of New Zealand and Australian shares and holding cash when appropriate investment opportunities cannot be identified. Performance is measured in accordance with the Investment Performance Monitoring framework on page 16.
Strategy	The Fund invests in a concentrated portfolio of approximately 10-15 select companies listed on the New Zealand and Australian share markets. The Fund does not follow an equity index and is actively managed, which means that we make our own investment decisions rather than have the Fund passively follow an index. When appropriate investment opportunities cannot be identified, the Fund may hold cash or cash equivalent securities. The Fund aims to generate capital growth over the long term. The Fund is able to hold shares listed outside of Australasia and to short-sell shares (sell shares without owning them, on the expectation that prices will fall and could be purchased later for a lesser price).
Investment limits	0-100% New Zealand shares (Australasian Equities) 0-100% Australian shares (Australasian Equities) 0-100% Cash, or cash equivalent securities.
Target Asset Allocation	0-100% Australasian equities 0-100% Cash, or cash equivalent securities.
Currency hedging	The Fund has the ability to hedge its foreign currency exposure in a range from 0-100%. The Fund is typically hedged in accordance with our hedging policy which can be found in the Investment Policies and Guidelines section.
Distributions	The Fund pays distributions 6-monthly at our discretion.
Authorised Investments*	The authorised investments of the Alpha Fund are: • Equity and equity-like listed and unlisted securities including ordinary, preference and partly paid shares, convertible securities, warrants and options; • Derivatives; • Cash and bonds; • Pooled or unlisted funds investing in similar securities to those set out above; and • Any other investment permitted by the Supervisor from time to time. The Fund may short sell securities and utilise active currency management.

*If we believe that it is in the best interests of our unit holders to vary the authorised investments either by excluding an investment, or adding any investment we may do so. Material changes are subject to certain procedural matters set out in the Trust Deed including notifying all unit holders and agreeing those changes with the Supervisor. We have absolute discretion under the Trust Deed to manage the investments within the guidelines set out in the Deed of Establishment and in this SIPO.

DEVON AUSTRALIAN FUND

Investment objectives and strategies of our Funds.

Benchmark	S&P/ASX200 (Accumulation) index in NZD
Investment Objective	The Fund aims to generate capital growth over the long term by actively managing Australian equity investments. Performance is measured in accordance with the Investment Performance Monitoring framework on page 16.
Strategy	The Fund invests in a select portfolio of companies which are primarily Australian listed companies. The Australian market offers exposure to a number of sectors that are not available in New Zealand. The Australian Fund is actively managed, which means the holdings and investment returns may differ considerably from its benchmark. While the Fund tends to be fully invested in shares, it may hold some cash or cash equivalent securities.
Investment limits	80-100% Australian shares (Australasian equities) 0-20% Cash, or cash equivalent securities.
Target Asset Allocation	80-100% Australasian equities 0-20% Cash, or cash equivalent securities.
Currency hedging	The Fund has the ability to hedge its foreign currency exposure in a range from 0-100%. The Fund is typically unhedged in accordance with our hedging policy which can be found in the Investment Policies and Guidelines section.
Distributions	The Fund pays distributions 6-monthly at our discretion.
Authorised Investments*	The authorised investments of the Australian Fund are: • Equity and equity-like listed and unlisted securities including ordinary, preference and partly paid shares, convertible securities, warrants and options; • Derivatives; • Cash and bonds; • Pooled or unlisted funds investing in similar securities to those set out above; and • Any other investment permitted by the Supervisor from time to time. The Fund may short sell securities and utilise active currency management.

*If we believe that it is in the best interests of our unit holders to vary the authorised investments either by excluding an investment, or adding any investment we may do so. Material changes are subject to certain procedural matters set out in the Trust Deed including notifying all unit holders and agreeing those changes with the Supervisor. We have absolute discretion under the Trust Deed to manage the investments within the guidelines set out in the Deed of Establishment and in this SIPO.

DEVON DIVIDEND YIELD FUND

Investment objectives and strategies of our Funds.

Benchmark	Trans-Tasman Equity Index hedged, which is a 50:50 composite of the S&P/NZX50 (Gross) index and the S&P/ASX200 (Accumulation) Index fully hedged to NZD. A 50:50 composite means 50% of the S&P/NZX50 (Gross) and 50% of the S&P/ASX200 (Accumulation) Index.
Investment Objective	The Fund invests in a well-researched portfolio of shares with the objective of generating an above market average dividend yield while providing some growth to maintain capital value in real terms. Performance is measured in accordance with the Investment Performance Monitoring framework on page 16.
Strategy	The Fund invests in a select portfolio of 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.
Investment limits	0-100% New Zealand shares (Australasian equities) 0-100% Australian shares (Australasian equities) 0-10% Cash or cash equivalent securities.
Target Asset Allocation	90-100% Australasian equities 0-10% Cash, or cash equivalent securities.
Currency hedging	The Fund has the ability to hedge its foreign currency exposure in a range from 0-100%. The Fund is typically hedged in accordance with our hedging policy which can be found in the Investment Policies and Guidelines section.
Distributions	The Fund pays distributions quarterly at our discretion.
Authorised investments*	The authorised investments of the Dividend Yield Fund are: • Equity and equity-like listed and unlisted securities including ordinary, preference and partly paid shares, convertible securities, warrants and options; • Derivatives; • Cash and bonds; • Pooled or unlisted funds investing in similar securities to those set out above; and • Any other investment permitted by the Supervisor from time to time. The Fund may utilise active currency management.

*If we believe that it is in the best interests of our unit holders to vary the authorised investments either by excluding an investment, or adding any investment we may do so. Material changes are subject to certain procedural matters set out in the Trust Deed including notifying all unit holders and agreeing those changes with the Supervisor. We have absolute discretion under the Trust Deed to manage the investments within the guidelines set out in the Deed of Establishment and in this SIPO.

DEVON
GLOBAL IMPACT
BOND FUND

Investment objectives and strategies of our Funds.

Benchmark	Bloomberg Global Aggregate Index in NZD, 100% hedged to NZD.
Investment Objective	The Fund aims to deliver long-term total returns in excess of the index by investing in a diverse portfolio of global bonds.
Strategy	The Fund invests into the Wellington Global Impact Bond Fund, managed by Wellington Management. Wellington Management seeks to understand the world's social and environmental problems and to identify and invest primarily in debt issued by companies and organisations that they believe are addressing these needs in a differentiated way through their core products, services and projects. The Wellington Global Impact Bond Fund aims to improve access to, and the quality of, basic life essentials, reduce inequality and mitigate the effects of climate change. They seek to identify securities which it believes fall into three primary impact categories: life essentials, human empowerment and the environment. Within these categories the Fund will invest across "Impact Themes" including, but not limited to the following: • Life Essentials: affordable housing, clean water and sanitation, health, sustainable agriculture and nutrition. • Human Empowerment: digital divide, education and job training, financial inclusion, safety and security. • Environment: alternative energy, resource efficiency and resource stewardship While the underlying Wellington Fund tends to be fully invested in global bonds, when there are few compelling investment opportunities the Fund may hold some cash or cash equivalent securities.
Investment limits	0-100% Global fixed interest and cash. (sectors/issuers: government, quasi-sovereign, agency, supranational, municipal, corporate, mortgage and securitised). 0-20% Emerging markets.
Target Asset Allocation	0-100% Global fixed interest and cash.
Currency hedging	The Fund has the ability to hedge its foreign currency exposure in a range from 0-100%. The Fund is typically hedged in accordance with our hedging policy which can be found in the Investment Policies and Guidelines section.
Distributions	The Fund pays distributions quarterly at our discretion.
Authorised Investments	The authorised investments of the Global Impact Bond Fund are: • Cash, cash equivalents and fixed interest; • Derivatives; and • Any other investment permitted by the Supervisor from time to time. The Fund may utilise active currency management.

DEVON GLOBAL SUSTAINABILITY FUND

Investment objectives and strategies of our Funds.

Benchmark	MSCI All Country World Index in NZD, 50% hedged to NZD.
Investment Objective	The Fund aims to deliver long-term total returns in excess of the index by investing in a selective portfolio of global equities.
Strategy	The Fund invests into the Wellington Global Stewards Fund, managed by Wellington Management. Wellington Management seeks to invest in companies globally, that generate high return on capital relative to their peers, and whose management teams and boards display exemplary stewardship to sustain those returns over time. Wellington define stewardship as how companies balance the interests of all stakeholders (customers, employees, communities and the supply chain) in the pursuit of profits and how they incorporate material environmental, social and governance (ESG) risks and opportunities in their corporate strategy. The underlying Wellington Fund differentiates itself by: **Long-term horizon –** the intention is to hold stocks for over 10 years. The belief is the longer the holding period, the greater the potential performance benefits from superior stewardship. **Highly selective –** typically 35-45 stocks, only relying on their own internal ESG research. **Active engagement –** holding those in charge of investee companies to account and encouraging companies to commit to net zero carbon emissions by 2050 in alignment with the Paris Agreement. While the underlying Fund tends to be fully invested in global equities, when there are few compelling investment opportunities the Fund may hold some cash or cash equivalent securities.
Investment limits	0-100% Global equities. 0-20% Emerging markets. 0-20% Cash or cash equivalent securities.
Target Asset Allocation	90-100% Global equities. 0-10% Cash, or cash equivalent securities.
Currency hedging	The Fund has the ability to hedge its foreign currency exposure in a range from 0-100% The Fund is typically hedged in accordance with our hedging policy which can be found in the Investment Policies and Guidelines section.
Distributions	We do not make any cash distributions from the Fund.
Authorised investments	The authorised investments of the Global Sustainability Fund are: • Equity and equity-like listed and unlisted securities including ordinary, preference and partly paid shares, convertible securities, warrants and options; • Derivatives; • Cash or cash equivalent securities; • Pooled or unlisted funds investing in similar securities to those set out above; and • Any other investment permitted by the Supervisor from time to time.

DEVON SUSTAINABILITY FUND

Investment objectives and strategies of our Funds.

Benchmark	50:50 composite of the S&P/NZX50 (Gross) Portfolio Index and the S&P/ASX200 (Accumulation) index hedged to NZD.
Investment Objective	This Fund aims to generate capital growth over the long term by actively managing your New Zealand and Australian equity investments. The Fund also aims to deliver an MSCI ESG rating greater than the MSCI ESG rating of the Benchmark. Performance is measured in accordance with the Investment Performance Monitoring framework on page 16.
Strategy	The Fund will look to invest in those companies that score highly on overall environmental, social and corporate governance performance. The Fund also employs an ethical screen that will exclude companies where more than 10% of business revenue is derived from the manufacture of alcohol, gambling, pornography and the exploration, extraction, refining or processing of fossil fuels[1]. The Fund will also employ an ethical screen that will exclude companies where any business revenue is derived from the manufacture or sale of armaments[2], production and manufacture of tobacco and tobacco-based products or nicotine alternatives[3], and any company involved in whaling activities or on human rights watchlists as stated by MSCI. The Fund is actively managed, which means the holdings and returns may differ considerably from its benchmark. While the Fund tends to be fully invested in shares, when there are few compelling investment opportunities the Fund may hold some cash or cash equivalent securities.
Investment limits	0-100% New Zealand shares (Australasian equities) 0-100% Australian shares (Australasian equities) 0-10% Cash, or cash equivalent securities.
Target Asset Allocation	90-100% Australasian equities 0-10% Cash, or cash equivalent securities.
Currency hedging	The Fund has the ability to hedge its foreign currency exposure in a range from 0-100%. The Fund is typically hedged in accordance with our hedging policy which can be found in the Investment Policies and Guidelines section.
Distributions	The Fund pays distributions 6-monthly at our discretion.
Authorised Investments*	The authorised investments of the Sustainability Fund are: • Equity and equity-like listed and unlisted securities including ordinary, preference and partly paid shares, convertible securities, warrants and options; • Derivatives; • Cash and bonds; • Pooled or unlisted funds investing in similar securities to those set out above; and • Any other investment permitted by the Supervisor from time to time. The Fund may short sell securities and utilise active currency management. The Fund may utilise active currency management.

*If we believe that it is in the best interests of our unit holders to vary the authorised investments either by excluding an investment, or adding any investment we may do so. Material changes are subject to certain procedural matters set out in the Trust Deed including notifying all unit holders and agreeing those changes with the Supervisor. We have absolute discretion under the Trust Deed to manage the investments within the guidelines set out in the Deed of Establishment and in this SIPO.

[1] For companies involved in the exploration, extraction, refining, processing, or trading of fossil fuels, this applies to companies where more than 10% of business revenue is derived from coal or oil, including unconventional oil and unconventional gas. The Fund will also exclude:
- companies where more than 50% of business revenue is derived from the production of dedicated equipment or services for the fossil fuel sector.
- companies where more than 10% of business revenue is derived from the production of electricity if the company has a generation mix dominated by coal.

[2] For companies involved in the manufacture and sale of armaments, the Fund will exclude:
- companies involved in the development and production of biological and chemical weapons, depleted uranium ammunition/armour, anti-personnel mines or cluster munitions/sub-munitions and their key components.
- companies (including their subsidiaries and investments) involved in the development, production and maintenance of nuclear weapons.

[3] Tobacco-based products or nicotine alternatives includes:
- Electronic nicotine delivery systems (ENDS) as defined by the US Food and Drug Administration (e.g. 'vaping' devices, e-cigarettes) alternatively described as nicotine vaping products (NVP)
- Dissolvable and non-combustible tobacco products (e.g. nicotine pouches, snuff)
- Shisha and water pipes

DEVON TRANS-TASMAN FUND

Investment objectives and strategies of our Funds.

Benchmark	Trans-Tasman Equity Index unhedged, which is a 50:50 composite of the S&P/NZX50 (Gross) index and the S&P/ASX200 (Accumulation) Index unhedged to NZD. A 50:50 composite means 50% of the S&P/NZX50 (Gross) and 50% of the S&P/ASX200 (Accumulation) Index.
Investment Objective	This Fund aims to generate capital growth over the long term by actively managing your New Zealand and Australian equity investments. Performance is measured in accordance with the Investment Performance Monitoring framework on page 16.
Strategy	The Fund invests in a select portfolio of well researched companies which are primarily New Zealand and Australian listed companies. The Trans-Tasman Fund is actively managed, which means the holdings and returns may differ considerably from its benchmark. While the Trans-Tasman Fund tends to be fully invested in shares, when there are few compelling investment opportunities the Fund may hold some cash or cash equivalent securities.
Investment limits	0-100% New Zealand shares (Australasian equities) 0-100% Australian shares (Australasian equities) 0-50% Cash or cash equivalent securities.
Target Asset Allocation	50-100% Australasian equities 0-50% Cash, or cash equivalent securities.
Currency hedging	The Fund has the ability to hedge its foreign currency exposure in a range from 0-100%. The Fund is typically unhedged in accordance with our hedging policy which can be found in the Investment Policies and Guidelines section.
Distributions	The Fund pays distributions 6-monthly at our discretion.
Authorised Investments*	The authorised investments of the Trans-Tasman Fund are: • Equity and equity-like listed and unlisted securities including ordinary, preference and partly paid shares, convertible securities, warrants and options;. • Derivatives; • Cash and bonds; • Pooled or unlisted funds investing in similar securities to those set out above; and • Any other investment permitted by the Supervisor from time to time.

*If we believe that it is in the best interests of our unit holders to vary the authorised investments either by excluding an investment, or adding any investment we may do so. Material changes are subject to certain procedural matters set out in the Trust Deed including notifying all unit holders and agreeing those changes with the Supervisor. We have absolute discretion under the Trust Deed to manage the investments within the guidelines set out in the Deed of Establishment and in this SIPO.

Investment policies and guidelines.

The security of your funds is important to us. Your funds are held by an external Custodian who is appointed by the independent Supervisor and therefore we don't handle any of your funds directly. In addition, our business, internal processes and controls and the Funds are audited annually by PricewaterhouseCoopers.

Responsible Investing

Our Responsible Investment Policy can be found at www.devonfunds.co.nz/responsible-investment-policy

We apply two responsible investing strategies when managing client funds – Environmental, Social & Governance (ESG) integration and active ownership. We have always included ESG issues in our investment process and have actively engaged with companies when we hold that stock in our Funds or portfolios, as we believe this is the most effective way to deal with responsible investing. Where these standards are not being demonstrated, we will actively engage with the company to seek improvement. In our view, it makes investment sense for the businesses we invest in to be good corporate citizens who look after the interests of all stakeholders and operate in a sustainable manner.

We use MSCI's Portfolio ESG Analytics and Portfolio Carbon Analytics tool to perform a quarterly screen of portfolios. MSCI ESG ratings are a comprehensive measure of a company's long-term commitment to socially responsible investments and ESG investment standards. In particular, the MSCI ESG ratings focus on a company's exposure to financially relevant ESG risks. MSCI ESG Ratings range from leader (AAA, AA), average (A, BBB, BB) to laggard (B, CCC). (www.msci.com/sustainable-investing/esg-ratings). We incorporate these ratings into our decision making. For the Devon Sustainability Fund, we aim to achieve an MSCI ESG rating greater than the MSCI ESG rating of the Benchmark.

We are a signatory to the United Nations supported Principles for Responsible Investment (PRI). The PRI provides global principles and a framework to help us integrate the consideration of ESG issues into our investment decision-making and portfolio construction framework. As part of this process we report annually to the PRI on our adherence to these policies.

We are also a member of the Responsible Investment Association of Australasia (RIAA) and a founding member of the New Zealand Corporate Governance Forum which has been established to promote globally recognised governance standards in New Zealand.

If and when derivative products are used within the funds, these products are also covered by our Responsible Investment Policy. This is to ensure that there is no likelihood of the fund gaining economic exposure to a company via derivatives that would have otherwise been excluded from the portfolio.

Corporate Governance & Voting Policy

We believe that we follow best practice with respect to corporate governance and voting policies. We vote on all resolutions where we have the authority to do so.

We form our own views on proposed resolutions and will ensure that voting is consistent with our policy. However, we will not seek to interfere with the executive operations of the companies we hold. We will continue to provide appropriate advice and support when requested by such companies and at company meetings and presentations.

We may enlist the services of external research providers to access independent advice on proxy voting and corporate governance issues in order to determine our voting intentions.

We vote all proxies on behalf of our Funds. The objective of voting is to support proposals and director nominees that maximise the value of a Fund or portfolio's investments over the long term. The proposals that the Fund or portfolios receive are frequently complex. As such, the guidelines adopted provide a rigorous framework for assessing each proposal. Under the guidelines, each proposal must be evaluated on its merits, based on the particular facts and circumstances that are presented.

Our practice seeks to ensure that proxy voting decisions are suited to individual Funds or portfolios. For most proxy vote proposals, particularly those involving corporate governance, the evaluation will result in the same position being taken across all of the Funds. In some cases, however, Funds or portfolios may vote differently, depending upon the nature and objective of each Fund or portfolio and its composition.

Conflicts of Interest and Related Party Transactions

Conflicts of interest arise when the interests of our employees conflict with some or all of the interests of our clients.

Devon has in place a Conflicts of interest Policy to manage potential or actual conflicts of interest in a way that is fair to investors. This policy provides the process to identify, declare and monitor a potential conflict of interest.

We will not enter into transactions with related parties who may benefit from those arrangements, except as

Investment policies and guidelines.

Continued...

agreed with our Supervisor and as permitted under the provisions of the FMC Act. We provide the Supervisor with quarterly reporting on related party transactions.

More information can be found in our Other Material Information document, which is available on the offer register at www.business.govt.nz/ disclose

Alternative Forms of Remuneration (Soft Dollar Benefits)

It is our policy not to pay or receive any soft dollar benefits.

Trading and Rebalancing

All Funds are actively managed and Portfolio Managers have full discretion for trading investments for the Funds within agreed limits. Trading will typically occur when a Fund experiences a large cash flow, the investment thesis changes, market prices move or there is a change in an underlying security's investment case. Investment allocations and targets are set by the investment team in line with each Fund's investment limits at our discretion. All holdings are reconciled daily, by the operations and compliance team, and are signed off by a senior manager. We rebalance as required to keep the Funds within the approved investment ranges and according to Fund allocations and targets.

We have a duty to execute orders fairly. As a matter of policy, we aggregate, and then allocate trade orders to clients' accounts in a fair and timely manner. In general, trades may be aggregated subject to the conditions and restrictions as per our Compliance Guide. If an aggregated order at a particular broker is filled at several different prices, through multiple trades, then an average price will be calculated for all trades and all participants must receive the average price.

We must act in accordance with the following principles when allocating securities among portfolios:

- We have a fiduciary duty to ensure that trades are allocated fairly and equitably among all clients without giving unfair preference to any particular Fund or portfolio;
- Allocation decisions may not be influenced by fee arrangements;
- Funds or portfolios with similar characteristics should receive similar allocations. However, allocations across similar Funds or portfolios may differ for legitimate reasons, including client restrictions, cash availability and avoiding small or odd-lot allocations;
- Once a trade has been allocated, no subsequent adjustments or changes to the original allocation are allowed without Compliance approval; and
- Trade executions must be entered promptly in the trading and/or accounting systems.

Liquidity

Liquidity is considered as part of our investment valuation process. Each Fund holds a level of cash, in line with its investment parameters, for liquidity purposes ensuring the ability to meet investor cash flows, fees and expenses, taxation payments, trading and re-balancing requirements. Cash holdings are reconciled and monitored daily, by our operations and compliance team, and signed off by a senior manager. Where necessary, we have the ability to transact to ensure there is sufficient liquidity for each Fund.

If there remains an appropriate risk adjusted return available then we will consider that security for portfolios. Smaller, illiquid securities are typically smaller active positions in the portfolios. Typically all portfolios will hold some cash for liquidity purposes.

Currency Hedging

The Funds face currency risk when we invest in securities denominated in foreign currencies. Fund values may be negatively or positively impacted by the appreciation or depreciation of that currency in New Zealand dollar terms. This is because the value of the Fund is calculated in New Zealand dollar terms.

We may seek to mitigate the risk of currency exposures by offsetting the impact of currency fluctuations by the use of foreign exchange forward contracts that will lock in an exchange rate for a currency transaction at a future date, known as 'currency hedging'. Currency hedging provides some protection against changes in currency exchange rates. We actively manage currency exposure at our discretion on a per Fund basis and in line with each Fund's investment parameters.

Our currency exposure and hedging levels are monitored by our operations and compliance team on a daily basis and is signed off by a senior manager each day. Currency hedges are rebalanced as required.

Borrowing

The Fund's Establishment Deeds allow us to make all decisions relating to borrowing by or lending from any Fund (including stock lending). As at the date of this SIPO no borrowing has occurred for any of the Funds Our policy is that borrowing is not permitted, however this may change in the future, in consultation with the Supervisor.

Investment policies and guidelines.

Continued...

Investment Risk

Our Investment Risk policy recognises that investment risk exists and is a normal part of investing. Optimal investment returns are derived by clearly identifying, understanding and then managing investment risk. We ensure that investment risk is monitored and managed by:

- Measuring our exposure to individual investments, sectors, countries and currencies and put in place exposure limits that are appropriate for each Fund;
- Measuring the tracking error on a quarterly basis;
- Running a Portfolio Analytics System over the Fund on a quarterly basis; and
- Reviewing the Funds at our regular Investment Committee Meeting.

An investment in a Fund should be regarded as a long-term proposition. There are no guarantees that the objectives of a Fund will be achieved. We refer to investment risk as the probability that the value of an investment could fall and therefore your return could be negative.

Key Person Risk

People are a critical component to our business. Our policy for managing key person risk is to ensure that:

- All roles have a person clearly identified as a backup;
- The back up person is highly skilled in the key person's role;
- We have close and open communication with all staff;
- All staff are treated with respect and remunerated fairly; and
- We build a degree of latency into our organisation so that capacity exists to manage the departure of a key person if this should occur.

Settlement Risk

We have adopted a settlement process, in combination with the Fund's custodian, and administrator (Apex), to ensure all settlements occur as per agreed contracts. On a daily basis:

- All trades are signed off by two Portfolio Managers and a senior member of the operations and compliance team;
- The signed trade is checked internally against the brokers Electronic Trade Confirmation (ETC);
- ETC's are sent via SWIFT to the Fund's custodian;
- The trade sheet is used to generate a trade file which is emailed to the Fund administrator (Apex);
- The administrator (Apex) reconciles their records with the records of the custodian; and
- We reconcile our records with that of the administrator (Apex).

Incident Management

All incidents are recorded and reported to the operations and compliance team immediately. These are reviewed and escalated appropriately including regulatory disclosure if required. It is the responsibility of the operations and compliance team to assess the incident and determine whether it triggers any self-reporting or other obligations. Incidents are recorded internally on a breach/incident register and all breaches are reported to the Audit, Risk and Compliance Committee on a monthly basis or as required depending on the level of the breach in line with the limit breaks procedures outlined in the Limit Breaks section.

External Investment Managers

As at the date of this SIPO we work with the following investment managers:

- Wellington Management

Wellington Management is a globally integrated investment management firm and is the investment manager of the Wellington Global Impact Bond Fund and Wellington Global Stewards Fund, in which the Devon Global Impact Bond Fund and Devon Global Sustainability Fund invest in respectively.

When selecting an external manager, we take the following criteria into consideration:

- A sound and disciplined investment process.
- Investment style is consistent with Devon's investment philosophy.
- Experience and capability of investment team.
- Performance and track record.
- Access to the investment management team.
- Governance and compliance arrangements.

Devon will consider the suitability and performance of any external investment manager from time to time and reserves the right to add further managers and remove any manager. Where Devon has appointed an external manager, we will periodically assess the holdings of the external manager's portfolio to determine whether in our view, the holdings remain consistent with what is in their disclosure documents. We will report our analysis to the Investment Committee, and in the event we develop any concerns, these will be raised promptly with the Investment Manager for further discussion.

Limit breaks.

Identifying limit breaks

Under section 167(1) of the FMC Act, a 'limit break" is a material breach of any limits set out in the SIPO on either:

- the nature or type of investments that can be made; or
- the proportion of each type of assets that may be invested in.

Limit breaks are considered in the context of the relevant Fund, within the Managed Investment Scheme. SIPO limits are monitored at both pre-trade and post trade stages by a combination of external software and internally developed proprietary checks and is monitored by the operations and compliance team. Any limit breaks are reported on an exceptions basis and a daily compliance report is prepared by the operations and compliance team.

If a position requires amendment, the operations and compliance team will proceed to remedy the position by raising the issue with the relevant Portfolio Manager who will then take necessary action. A register of limit breaks is maintained by the operations and compliance team. Judgement for materiality of the limit break resides with senior management who will consider:

- The cause of the limit break;
- The economic impact on the investor(s);
- The frequency of the identified limit break type;
- How long the breach went on for;
- How quickly the breach was rectified after we became aware of that breach; and
- Whether the breach involves related-party transactions.

Reporting limit breaks

Limit breaks are reported to the Supervisor as follows:

(a) If a limit break is not corrected within 5 working days after we become aware of it, then the Supervisor will be notified as soon as practicable after expiry of the 5 working day period;

(b) All limit breaks (regardless of whether they have been corrected or not), each quarter.

Investment performance monitoring.

All unit price movements are assessed daily against tolerance ranges. Investment performance is monitored on a monthly basis against the Fund's benchmark and is measured over 1 month, 3 months, 6 months, 1, 2, 3 and 5 years.

Fund performance is calculated (net of fees but before tax) by the operations and compliance team and all members of the investment team and compliance team receive a monthly fund performance report.

The Board evaluates performance on a quarterly basis. We focus on making long term investment decisions and consequently greater focus is given to assessing performance numbers over 3-year periods and longer.

Investment strategy review.

The Investment Strategy is reviewed at least annually and is the responsibility of our Investment Committee. The investment strategy framework is designed for the long term and consequently it is unlikely that changes will be made on a regular basis.

SIPO review and monitoring.

This SIPO is reviewed at least annually and any changes are submitted to the register (Disclose). The SIPO is reviewed by a member of the senior management team with assistance from the compliance and investment teams. Any changes to the SIPO will be signed off by the Board after consultation with the Supervisor.

Adherence with this SIPO is monitored regularly and any breaches will be reported to the Supervisor as required under the Trust Deed and relevant legislation.

Once the SIPO has been reviewed, the updated or amended SIPO will contain an effective or commencement date. The most current version of the SIPO is available on the schemes register at www.business.govt.nz/disclose/ or at www.devonfunds.co.nz.

In addition to the annual review, the SIPO may be reviewed, updated or amended at any time.

Thank you for taking the time to read this SIPO.

If you have any questions, please don't hesitate to contact us at: enquiries@devonfunds.co.nz

Directory.

Manager

Devon Funds Management Limited
Level 17
HSBC Tower
188 Quay Street
Auckland 1010

PO Box 105 609
Auckland 1143

Telephone: 0800 944 049 (free call) or +649 925 3990
Email: enquiries@devonfunds.co.nz or
Website: www.devonfunds.co.nz

Directors

Paul Anthony Glass
Mel Tony Firmin
Slade Brownlie Robertson
June Ngahiwi McCabe
Lance Jenkins

Supervisor

The New Zealand Guardian Trust Company Limited
Level 6
191 Queen Street
Auckland 1010

PO Box 274
Shortland Street
Auckland 1140

Telephone: 0800 300 299

Registrar/Administration manager

Apex Investment Administration (NZ) Limited
Level 25
QBE Centre
125 Queen Street
Auckland 1010

Administration manager

Investment Services Group Limited
Level 17 HSBC Tower
188 Quay Street
Auckland 1010

PO Box 105 609
Auckland 1143

Solicitors

DLA Piper
Level 4, Deloitte House
20 Customhouse Quay
Wellington 6011

Auditors

PricewaterhouseCoopers
188 Quay Street
Auckland 1010

DEVON
FUNDS.

For the informed investor.

Devon Funds Management Limited
Level 17, HSBC Tower
188 Quay Street
Auckland 1010
Telephone: 0800 944 049 (free call)
or +649 925 3990
enquiries@devonfunds.co.nz

www.devonfunds.co.nz