



Other Material Information (OMI)

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

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1 Introduction.

This Other Material Information document (**Document**) is an important document which relates to other material information, for the offer of units in the Devon Investment Funds, that is not contained in the Product Disclosure Statement (**PDS**) or other documents that are available on the Register at www.business.govt.nz/disclose.

This Document has been prepared to meet the requirements of section 57(1)(b)(ii) of the Financial Markets Conduct Act 2013 (**FMC Act**) and clause 52 of Schedule 4 of the Financial Markets Conduct Regulations 2014. All legislation referred to in this Document can be viewed at www.legislation.govt.nz.

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.

2 More information about the Funds and how they work.

The Devon Investment Funds are governed by the Trust Deed dated 30 September 2016 and are invested in accordance with the Statement of Investment Policy and Objectives (**SIPO**) dated 07 August 2026. The Funds are established within a managed investment scheme under the FMC Act, Scheme number SCH10753 (**Scheme**).

At the date of this Document, the Scheme comprises of seven investment Funds, as described in the Devon PDS.

You can review a copy of the Trust Deed, Conditions of Establishment, SIPO and PDS by contacting us or electronically at www.business.govt.nz/disclose.

Fund	Date of Establishment	Date of Commencement
DEVON ALPHA FUND	May 2010	June 2010
DEVON AUSTRALIAN FUND	August 2010	August 2010
DEVON DIVIDEND YIELD FUND	November 2012	December 2012
DEVON GLOBAL IMPACT BOND FUND	February 2022	March 2022
DEVON GLOBAL SUSTAINABILITY FUND	February 2022	March 2022
DEVON SUSTAINABILITY FUND	July 2020	August 2020
DEVON TRANS-TASMAN FUND	September 1998	September 1998

More information about the Funds and how they work cont.

Devon Global Impact Bond Fund

Sustainable Objective

Wellington seeks to understand the world's social and environmental challenges and to identify and invest in debt issued by companies and organizations that it believes addresses these challenges in a differentiated way through their products, services and projects. Through the Fund's investments, the Investment Manager seeks to improve access to, and quality of, basic life essentials, reduce inequality, and mitigate the effects of climate change.

Investment Policies

The Investment Manager will actively manage the Fund, seeking to outperform the Bloomberg Barclays Global Aggregate Hedged to US dollar Index (the "Index") and achieve the objectives primarily through investment in investment grade rated global fixed income securities issued by organisations whose core business or projects, in the opinion of the Investment Manager, address some of the world's major social and environmental challenges.

Wellington seeks 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

The Investment Manager aims to select securities which they believe will offer an attractive return profile over the long term, for example, issuers whose core products, services and projects align with any one or a combination of different Impact Themes, whose social and/or environmental impact is quantifiable and where fundamental analysis supports a long-term return. The Fund may have greater exposures to some Impact Themes than others. This is because there can be more impact investment opportunities within certain Impact Themes like affordable housing, health and resource efficiency.

The Wellington team relies on a bottom-up process for identifying and analysing candidate issuers

for investment. In defining the opportunity set, the Investment Manager takes into account both quantitative and qualitative considerations to fulfil each of the three impact criteria:

- 1. Materiality:** Impact activity must be central to the issuer. In the case of use-of-proceeds bonds, proceeds must be used for an activity that the Investment Manager deems to be related to one of its Impact Themes.
- 2. Additionality:** The Investment Manager evaluates each issuer's value proposition, the specific needs it addresses, competitor product and services, and the degree to which alternative solutions already exist.
- 3. Measurable key performance indicators (KPIs):** The impact case must be quantifiable. The Investment Manager uses issuer reports and proprietary models to develop individualized KPIs to understand the nature of the impact generated by the issuer, its alignment with the Fund's Impact Themes, and progress over time.

After an issuer or issue meets the above impact criteria, only those that the Investment Manager believes have the most attractive risk/return profile and diversification properties are selected for inclusion in the portfolio. Specifically, the portfolio construction process combines a top-down sector strategy with bottom-up fundamental credit research. The top-down aspects of the Investment Manager's process include setting desired risk levels, including credit risk and duration positioning, and determining sector-relative value.

The Investment Manager believes identifying investment opportunities which generate a positive impact requires bottom-up fundamental research. However, the Fund also uses screening to ensure certain investments are excluded, these include issuers with involvement in the following industries: tobacco, firearms, defense, nuclear, coal, petroleum, adult entertainment, gambling and alcohol as these are issuers the Investment Manager believes run counter to, or undermine, the Fund's sustainable investment objective. In select instances, the Investment Manager may invest in use-of-proceeds bonds within the energy and utilities industries, where proceeds are being allocated to specific projects that meet the Investment Manager's impact criteria and/or that support the transition to a lower carbon economy.

Given the emphasis on investing in securities where the proceeds are addressing social or environmental

More information about the Funds and how they work cont.

challenges, the assessment of Sustainability Risks through the analysis of environmental, social and governance (“ESG”) factors is an integral part of the Fund’s investment process as, in the Investment Manager’s view, Sustainability Risks can materially affect an issuer’s financial performance and competitiveness. The Investment Manager considers ESG factors as part of its broader analysis of individual issuers (including with regards to Sustainability Risk assessment), using inputs from the team of ESG analysts to help identify global best practices, prepare for company engagement and collaborate on new research inputs. The factors which will be considered by the Investment Manager will vary depending on the security in question, but typically include ownership structure, board structure and membership, capital allocation track record, management incentives, labour relations history and climate risks. The Investment Manager believes that issuers that have strengths in these areas typically have more stable credit fundamentals and can create competitive advantages by reducing material Sustainability Risks which may negatively impact their competitors.

Wellington believes that the Fund will be exposed to a broad range of Sustainability Risks. In assessing these risks, the Investment Manager draws upon a wide variety of internal (such as research by its team of global industry analysts) and external (such as company meetings) research to assess any potential impact on the value of the assets over the time horizon of the Fund. Whilst Sustainability Risks vary from security to security, the following are particularly relevant to the Fund:

- a. Measurable positive impact not being achieved or having impact activities discontinued: From time to time an issuer may decide to discontinue the activities which the Investment Manager deemed meet the impact criteria, and/or may repurpose the proceeds of a bond issue, or return capital to investors if such activities will no longer be continued. It is also possible that the issuer may fail to provide sufficient progress towards measurable impact or does not adequately measure and report on the impact activities. Any of these situations arising could lead to a bond issue falling outside of the Investment Manager’s impact framework at which point the security would become a candidate for sale.
- b. Exposure to negative externalities: The Investment Manager’s impact analysis focuses on the use of proceeds of specific bond issues and other activities

of the issuer. The Investment Manager seeks to understand how other activities of the issuing organization, or parent organization, may cause negative environmental or social harm that could offset the positive aspects of the impact activity (“negative externalities”). The Investment Manager seeks to understand and mitigate the risk of exposure to negative externalities. Exposures to negative externalities can arise and if deemed significant by the Investment Manager could lead to an investment becoming a candidate for sale from the portfolio. Through interactions with issuer’s management teams, the Investment Manager seeks a better understanding of these and any additional underlying Sustainability Risks, incorporating them into its assessments of an issuer’s outlook, and looking to avoid investments in assets where the likelihood of a Sustainability Risk event is under-represented in the price of the asset. The Investment Manager believes that active engagement with issuers can support changes in corporate behaviour and actions that benefit the Fund and help mitigate Sustainability Risks. The Investment Manager also consults its ESG analysts for insight on how Sustainability Risks may differ between issuers within regional and sector peer groups.

Devon Global Sustainability Fund

Sustainable Objective

Wellington Management (“Wellington”) seek to invest in companies whose management teams and boards display exemplary ‘stewardship’. They define stewardship as how companies balance the interests of all stakeholders (e.g. 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.

Wellington will manage the Fund to target net zero emissions by 2050 in alignment with the Paris Agreement by actively engaging with companies held in the Fund to commit to net zero science-based targets. The science-based targets initiative provides a clearly-defined pathway for companies to reduce greenhouse gas emissions. Targets are considered ‘science-based’ if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to well-below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C. Specifically, Wellington is committed

More information about the Funds and how they work cont.

to investing 65% of the Fund's assets in companies with net zero science-based targets by 2030, and 100% of the Fund by 2040. They are committed to limiting the portfolio's contribution to climate change by targeting a carbon footprint (weighted average carbon intensity) that is at least 50% less than the global economy as referenced by the MSCI All Country World Index (the "Index").

Investment Policies

Wellington will actively manage the Fund, seeking to outperform the Index and achieve the objectives, primarily through investment in equity securities issued by large-cap companies worldwide. The Fund uses an investment approach based on bottom-up fundamental research into companies that exhibit attractive and persistent returns on equity and stewardship excellence. They are biased to own companies already in a position of strength: with established competitive positions, identifiable business advantages, a history of continuous improvement and innovation, and inspiring leadership. To help evaluate the likelihood of continuing attractive returns, Wellington places an emphasis on each company's stewardship, with the belief that proper care and nurturing of a corporation's valuable assets and intangibles is critical to a company's long-term resilience. They use a proprietary scorecard to evaluate both the return and stewardship pillars of the investment approach. The scorecard seeks to quantify otherwise qualitative critical stewardship attributes such as executive skill and alignment and the effectiveness of the board. They believe that if investee companies are to sustain their returns in the long term then they must display strong links between stewardship and return on capital over the long-term. Further, every investment candidate for the Fund must exhibit an explicit focus on all stakeholders. In addition to social and governance considerations, the Investment Manager will manage the Fund to target net zero emissions by 2050 in alignment with the Paris Agreement.

Evaluating ESG factors (including Sustainability Risks) is an integral part of the Fund's investment process as, in Wellington's view, ESG factors can materially affect a company's financial performance and competitiveness. The strong links between stewardship and return on capital over the long-term make ESG factors a particular catalyst for active company engagement, which the Investment Manager believes is essential if investee companies are to sustain their returns

in the long term. The Investment Manager looks for stewardship that is long-term oriented; implemented by strong management and an engaged board; exemplified by excellent capital and resource allocation; and distinguished in its consideration of all stakeholders in the pursuit of profit. ESG factors capture many of these elements, therefore the Investment Manager's bias is to focus on the ESG issues most material to the long-term value of each company in the Fund.

Wellington uses inputs from the Investment Manager's team of ESG analysts to help identify global best practices, prepare for company engagement and collaborate on new research inputs. The factors which will be considered by the Investment Manager will vary depending on the security in question, but typically include ownership structure, board structure and membership, capital allocation track record, management incentives, labour relations history and climate risks.

The Investment Manager believes that the Fund will be exposed to a broad range of Sustainability Risks. In assessing these risks, the Investment Manager draws upon a wide variety of internal (such as research by its team of global industry analysts) and external (such as company meetings) research to assess any potential impact on the value of the assets over the time horizon of the Fund. Through interactions with company management teams, the Investment Manager seeks a better understanding of any underlying Sustainability Risks, incorporating them into their assessments of a company's outlook, and looking to avoid investments in securities where the likelihood of a Sustainability Risk event is under-represented in the price of the asset. Wellington believes that active engagement with companies can support changes in corporate behaviour and actions that benefit the Fund, while also helping to mitigate Sustainability Risks. The Investment Manager also consults its ESG analysts for insight on how Sustainability Risks may differ between companies within regional and sector peer groups.

More information about those involved.

The Manager

Devon is the Manager of the Funds. We are responsible for:

- offering the units in each Fund;
- issuing the units in each Fund;
- managing the Scheme property and investments of each Fund; and
- administering each Fund.

We may authorise another person or persons to act as our delegate to perform any act, or exercise any discretion, within our power, including appointing investment managers, administration managers, investment advisers and experts.

In exercising or performing any of our duties as Manager, we must:

- act honestly in our capacity as Manager of the Funds;
- act in the best interests of Scheme participants;
- treat Scheme participants equitably;
- not make use of information acquired through being Manager to gain an improper advantage for ourselves or any other person or cause detriment to the Scheme participants;
- carry out the function of Manager in accordance with the governing document of the Scheme, the SIPO and all other 'issuer obligations'; and
- exercise the care, diligence and skill that a prudent person engaged in that profession would exercise in the same circumstances.

We are a registered financial services provider, FSP1581. The Financial Markets Authority (**FMA**) has granted us a licence under the FMC Act, effective 30 November 2015, as a Manager of a registered scheme (other than a restricted scheme). The licence is subject to standard licence conditions that apply to all other managers of managed investment schemes. Further information about this licence can be found on the FMA's website, www.fma.govt.nz.

Additional information on Devon, our current directors and our staff can be found on our website, www.devonfunds.co.nz.

The Supervisor

The Supervisor of the Funds is The New Zealand Guardian Trust Company Limited (**Supervisor**).

The Supervisor has been granted a full licence under the Financial Market Supervisors Act 2011 to act as

a supervisor of a managed investment scheme. The licence expires on 16 March 2028 and is subject to reporting conditions.

The current names of the Supervisor's directors and its address may be obtained from the Companies Office website www.business.govt/companies or by phoning the Supervisor on 0800 683 909. The Directors may change from time to time without notice to you.

The Supervisor is responsible for the following functions:

- supervising the Manager's performance of its functions and its issuer obligations;
- supervising the financial position of the Manager and the Funds to ascertain their adequacy;
- acting on behalf of investors in relation to the Scheme and the Manager;
- reporting to FMA any contravention, or likely contravention, of a manager or issuer obligation;
- holding the Funds' property, or ensuring that it is held, in accordance with the FMC Act; and
- performing or exercising any other functions, powers, and duties conferred or imposed on the Supervisor by or under the FMC Act.

A Management Agreement between Devon and the Supervisor dated 1 April 2018 (as amended from time to time) sets out the arrangements between Devon and the Supervisor in relation to certain operational matters relating to the Scheme and the Funds. The Management Agreement specifies the reporting and information to be provided by Devon to the Supervisor and the requirements for record keeping.

Nothing in the Management Agreement limits or alters the powers of the Supervisor or Devon's duties under the trust deed and applicable law.

The Custodian

The Supervisor holds the scheme property of the Devon Global Sustainability Fund and the Devon Global Impact Bond Fund, by holding the units in underlying Wellington Funds into which those Funds invest. For all other Funds, the Supervisor has delegated the function of holding the scheme property of each Fund to BNP Fund Services Australasia Pty Limited. The Supervisor and the Custodian are independent of us and of each other.

4 Material contracts.

In addition to Devon's PDS, SIPO, Trust Deed and Deeds of Establishment (as disclosed on the Disclose website at www.business.govt.nz/disclose), the following contract details are material.

Administration services agreement

We have entered into a service agreement with Apex Investment Administration (NZ) Limited (**Apex**), dated September 2016, who provide a range of administrative services in respect of the Funds including registry, unit pricing and fund accounting. Under the services agreement Apex is indemnified against any cost, loss, expenses and liability that they suffer or incur as a result of entering into or incurring any obligation or liability in the proper performance of its powers or obligations except to the extent that such cost, loss expense or liability was caused or contributed to (whether directly or indirectly) by the fraud, negligence or default of Apex or of its directors, officers, employees or agents. The services agreement also contains certain provisions

limiting Apex's liability and requiring Apex to maintain insurance covers.

Account opening agreement

We have entered into account opening agreements with Wellington Management for the Devon Global Impact Bond Fund and the Devon Global Sustainability Fund. The agreements cover the terms, conditions and declarations for investing into each of the underlying Funds.

Administration Agreement

We have also entered into a Service Level Agreement with our parent, Investment Services Group (ISG). Under this agreement, we have delegated certain operations and administrative functions that enable Devon to meet its obligations as Manager of the Funds. These functions include some aspects of investment administration, accounting, legal support, IT, marketing and HR.

5 Taxation.

This section briefly summarises the taxation regime current at the date of this Document. It is intended as a general guide only. All unit holders have different taxation positions and you should seek your own tax advice prior to investing. The comments are not exhaustive and are based on legislation as at the date of this Document. Tax law is complex, changes frequently, and its application is fact specific.

Portfolio Investment Entities

The Funds operate under the portfolio investment entity (**PIE**) regime.

Under the PIE regime, taxable income, losses and tax credits related to the Funds, will be attributed to you in accordance with the proportion of your interest in a Fund. The income attributed to you will be taxed at your prescribed investor rate (**PIR**), which is capped at 28%. We will pay tax on your behalf and undertake any necessary adjustments to your interests in a Fund in order to comply with the PIE tax requirements.

At the date of this Document, if you are a natural person investor and a New Zealand tax resident, you will have

a PIR of 10.5%, 17.5% or 28%. To qualify for a 10.5% or 17.5% PIR, you must supply a valid IRD number and meet the Inland Revenue criteria set out at www.ird.govt.nz/pir in relation to either of the previous two tax years.

If you are a natural person investor and do not qualify for the above 10.5% or 17.5% PIR, you will have a PIR of 28%. The PIR of a company, a managed investment scheme and charity investors will be 0% unless that investor does not provide a valid IRD number or notify its PIR to us in which case a PIR of 28% will apply.

New Zealand resident trustees (other than trustees of managed investment schemes and charitable trusts) will have a PIR of 0% unless the trustees elect a 17.5% or 28% PIR. A testamentary trust (i.e. a trust created through a will) may also elect a 10.5% PIR. If a trust fails to provide a valid IRD number or notify its PIR to us it will default to a 28% PIR. If a 0%, 10.5%, or 17.5% PIR applies, the trust must account for PIE income within its own tax return (at the appropriate rate of tax depending upon whether taxable income is treated by the trust as

Taxation cont.

trustee or beneficiary income) and claim a credit for any tax already paid by a Fund.

If the trust elects a 28% PIR this will be a final tax and the trust will not include the income in its tax return. We recommend trustees seek independent tax advice before electing a PIR rate.

If you are a New Zealand non-resident, you will have a PIR of 28%. You will not be able to elect for a lower PIR to be applied. If you are a non-resident investor you are advised to seek your own professional tax advice.

If you are a joint investor you will be taxed at the highest of the joint PIRs.

Other taxation information

Generally, provided you advise us of the correct PIR each year, tax paid by a Fund on income attributed to you will be a final tax. If your PIE income is taxed at a higher PIR and you are eligible for a lower PIR but have not advised us of this, you will generally not be able to receive a refund of the overpayment. Additionally, if you have advised us that you are eligible for a lower PIR, and this is incorrect (i.e. you are only eligible for a higher rate), you may be liable to the IRD for further tax and penalties and have to file a tax return.

You should advise us of your PIR when you make an application to become a unit holder in a Fund. You should also advise us of any changes to your PIR. If you do not advise a PIR or do not provide a valid IRD number, we will apply the higher tax rate. You will be asked to reconfirm your PIR at least once a year.

The IRD can instruct us or the Supervisor to apply a different PIR to the one notified by you.

If there is a tax loss or there are excess tax credits allocated to a Fund for a period, these will generally be available to unit holders with a PIR greater than 0% in the form of a tax credit. Unit holders with a 0% PIR can claim their share of the loss or excess credits in their own tax return.

We intend to reflect PIE tax or credits by redeeming or issuing units to you or other unit holders.

Where we reasonably determine that the continued holding of units by you may contribute to a Fund ceasing to be eligible to be a PIE, we may require or deem you to give or have given a redemption notice in respect of such holding.

Upon your full or partial withdrawal (including by switching) from a Fund, any tax liability on income allocated to you will be satisfied by cancellation of units at the time of the withdrawal or switch.

Tax deducted from you will be held in an interest bearing bank account outside the Funds until payment is made to IRD, and will not be included in the calculation of any Fund values. Any interest earned on this money, less any costs incurred in operating the account, will be returned to the Funds on such equitable basis as we agree with the Supervisor from time to time.

Taxation of share investments

Provided that the Funds are PIEs, any capital gains made by the Funds in respect of shares in New Zealand resident companies, certain Australian resident listed companies and certain Australian unit trusts will be excluded from the calculation of taxable income. Dividends received in relation to these shares will be taxable as will income earned from other investments such as interest bearing deposits. To the extent that franking credits are attached to dividends received from Australian companies, these credits are not allowed to offset New Zealand tax payable on the dividends. A franking credit is a nominal unit of tax paid by an Australian company using dividend imputation. Franking credits are passed on to shareholders along with dividends.

Other overseas shares held by the Funds will be taxed pursuant to the fair dividend rate (FDR) calculation method. Under the FDR calculation method, the Funds will be deemed to have derived income equal to 5% per annum of the opening market value of its overseas shares determined on a daily basis. Any dividends or other distributions flowing from overseas shares will not be separately taxed in New Zealand under the FDR calculation method. Any losses in respect of holdings in overseas shares are not deductible to the Funds for tax purposes under FDR. The Funds' currency hedges are also treated as FDR compliant. As a result any gains or losses attributed to the Funds because of foreign currency hedges are not deductible to the Funds.

Other income of the Funds will be subject to the relevant normal tax rules. Tax may be imposed in overseas jurisdictions in relation to overseas investments (although this may give rise to a tax credit in New Zealand).

Distributions and redemption dividends payable to you as a unit holder will not be separately taxable.



Performance fee

Should we meet our performance hurdle rate for any of the Funds (to which a performance fee applies), we may be entitled to a performance fee as detailed on the previous page for that Fund. We use a high water mark for the calculation of performance fees for each of the Funds. The use of a high water mark means that a performance fee will not be paid unless the unit price of the Fund exceeds the unit price when the performance fee was last paid from that Fund.

Each high water mark is adjusted to take into account any distributions made. Each high water mark can be reset every three years at our discretion following consultation with the Supervisor.

In respect of the Australian Fund, the Trans-Tasman Fund and the Dividend Yield Fund, the performance fee is payable when:

- the rolling 12-month net return (after all fees and expenses, other than the performance fee) exceeds the relevant Benchmark; and
- the net asset value per unit (before the performance fee) exceeds the net asset value per unit used in the calculation of the last performance fee paid (high water mark).

In respect of the Alpha Fund, the performance fee is payable, if achieved, on an annual basis that coincides with the Fund's financial year based on the gross asset value.

Devon has estimated the performance-based fees applied to the Funds in the Devon Investment Funds PDS which can be found on www.business.govt.nz/ disclose.

The commencement date and the establishment date of the Devon Funds can be found on page 2.

We have not made any estimate for outperformance of the market by the Funds prior to each Fund's commencement date.

As the Fund is taxed under the PIE regime, no adjustment is made for tax in calculating returns.

Total Fee Caps and Rebates

For certain Funds, the total fees chargeable (inclusive of Supervisor, Custodian, Fund accounting, unit pricing, registry, legal and audit fees and excludes abnormal or one-off costs, brokerage, all taxes and any performance fees) are capped.

These caps, expressed exclusive of GST, are:

- Devon Sustainability Fund: 1.25% per annum
- Devon Global Impact Bond Fund: 0.59% per annum
- Devon Global Sustainability Fund: 1.20% per annum

Additionally, the Devon Global Impact Bond Fund and Devon Global Sustainability Fund invest into underlying funds managed by Wellington Management. All fees from these underlying Wellington investments are fully refunded.

Other Fund expenses

The Alpha Fund, the Australian Fund, the Sustainability Fund and the Trans-Tasman Fund

Under the terms of the Trust Deed, the following other costs and expenses fall outside of the administrative charges and may also be paid from the Alpha Fund, the Australian Fund, the Sustainability Fund and the Trans-Tasman Fund and reimbursed to the Supervisor or us if we or the Supervisor incur them:

- abnormal or one-off costs;
- legal fees;
- auditor fees;
- advisory fees;
- brokerage fees;
- all taxes and duties payable in connection with these Funds;
- the cost of convening and holding any Unit Holders' meetings;
- interest and all other expenses relating to borrowing by these Funds; and
- other expenses properly and reasonably incurred by the Supervisor or us in connection with carrying out our respective duties under the Funds.

These fees may be deducted from the Funds and will be included each year in each Fund's financial statements.

Fees cont.

Dividend Yield Fund, the Global Impact Bond Fund, and the Global Sustainability Fund

As the total fees and/or administration fees for these Funds are capped, the only other charges reimbursable from the Funds (where applicable) are:

- abnormal or one-off costs;
- advisory fees;
- brokerage fees;
- performance fees;
- all taxes and duties payable in connection with the Fund;
- the cost of convening and holding any Unit Holders' meetings;
- interest and all other expenses relating to borrowing by the Fund; and
- other expenses properly and reasonably incurred by the Supervisor or us in connection with carrying out our respective duties under the Fund.

The fees are deducted from the Funds and will be included each year in the Funds' financial statements.

Buy/Sell Spreads

Generally, Devon does not apply buy/sell spreads on entry and exit to the Funds. However, there are times, for example in stressed market conditions, when trading costs may materially increase due to investors transacting in the Fund. To achieve fair treatment of all unitholders, we may determine in these circumstances that it is more appropriate to have the trading costs borne by those transacting investors, not other investors in the Fund. If we reach this view, we will then begin to apply spreads to whichever of the Funds are being affected by these stressed market conditions.

The actual spread applied will reflect the estimated trading expenses incurred by the Fund in carrying out the market transactions to meet the unitholder application and redemption requests. The buy spread will be added to the unit price on entry to the Fund, and the sell spread will be deducted from the unit price on exit from the Fund. The proceeds of the buy/sell spreads will be retained within the Fund(s) and are not fees paid to Devon or any investment managers.

When applying spreads, Devon will determine buy spreads and sell spreads separately to ensure that they reflect trading costs incurred due to the relevant unitholder action (application or redemption).

As at the date of this document, there are no spreads applied to any of the Devon funds. However, Devon has the discretion to apply spreads without notice if we consider this is warranted by market conditions. For more information on current buy/sell spreads, contact us at enquiries@devonfunds.co.nz or 0800 944 049 or refer to www.devonfunds.co.nz/buysell-spreads.

7 Other risks.

You should appreciate that there are always inherent risks in investing and there can be no guarantee that the objectives of a Fund will be achieved.

The Devon PDS sets out the general investment risks that we consider applicable to the Funds and contains a risk indicator.

We have set out below what we consider to be the general risks associated with investing in addition to those set out in the PDS. We consider these risks to be broad and have therefore excluded them from our PDS. Before investing, you should carefully consider these risks which may adversely affect investment returns, and your ability to recover money invested in the Funds. We recommend you seek independent financial advice before investing in the Funds.

- **Inflation risk** – is the risk that your investment in the Fund may not keep pace with Inflation. Broadly, this means prices may increase by more than the value of your investment in the Fund. If this risk eventuates, you would not be able to buy as much with the value of your investment in the Fund as you could now.
- **Default risk** – is the risk that an issuer of a security in which the Fund has invested will not pay the interest and/or repay the principal of a security in which the Fund has invested. This risk is generally greater for issuers with lower credit ratings but may reduce your return on units in the Fund.
- **Volatility risk** – generally the higher the potential return for the Fund from an investment, the higher the risk, and the greater the chance of substantial fluctuation in returns (including the possibility of losses) that may occur over time (especially over shorter periods of time).
- **Liquidity risk** – refers to the potential illiquidity of the Fund's investments, where the Fund might not be able to realise the value of those investments at the time we or a unit holder chooses.
- **Fund risk** – this is the risk that a fund in which a Fund has invested could terminate, the fees and expenses for the fund could change, or key investment professionals involved in selecting investments for the fund could change. There is also the risk that investing in a fund may give different results than investing directly.
- **Insolvency risk** – an asset in which the Fund has invested may become insolvent and therefore have an adverse effect on performance of the Fund and the value of your units.
- **Changes to law and other statutory restrictions** – changes to laws (New Zealand and offshore) or their interpretation, including taxation rates, taxation laws and corporate regulatory laws could have a negative impact on the returns you receive from the Fund.
- **Leverage risk** – is the risk that arises with the use of derivatives to obtain or reduce market exposures. Derivatives, such as futures and options, are financial instruments whose value is derived from actual underlying assets. Futures and options can be used to offset the risk of price variations in securities or as an alternative to buying the underlying security. Futures and options can also be used in the management of currency and to seek to take advantage of any opportunities for profit which may exist in the market from time to time. Gains and losses are greater on leveraged positions than unleveraged positions.
- **PIE status** – if PIE status is lost a Fund would be taxed as a company rather than under the PIE regime (and the tax treatment of unit holders in the Fund would differ accordingly). This would mean that your returns from the Fund may decrease as it would be taxed at a higher rate.

Conflicts of interest.

Conflicts of interest arise when the interest of our employees' conflict with some or all of the interests of our clients. Good practice is to properly manage conflicts of interest as they arise. To this end, it is our policy that all staff can only invest in the New Zealand and Australian share markets via the Funds. Employees who own listed Australasian equities at the commencement of their employment are not required to divest those securities, but must declare each security held on their semi-annual trading declaration. Non-executive Board members may invest in Australasian equities provided no conflict exists and they do not hold material information in relation to those equities. Staff and Board members are free to invest in International (ex-Australasian) shares provided no conflict of interest exists.

As a licensed manager of Managed Investment Schemes, we must act honestly and in the best interests of the Scheme participants. We recognise that in order to satisfy this duty, our staff and Board members must put the interests of our customers ahead of those of their own, or the interests of Devon.

We conduct all transactions with related parties of the Scheme in accordance with the rules on related party transactions that apply to Managed Investment Schemes under the FMC Act and as agreed with the Supervisor.

The general rule under the FMC Act is that we (and any other investment manager, administration manager, or other person to whom we have contracted some or all of our Manager functions), as Manager of a Scheme, are prohibited from entering into a transaction that provides for a related party benefit to be given unless this has been approved by the Supervisor in advance.

We define related party transactions as:

- Related party transactions (in relation to Devon) are transactions or dealings between Devon and a related party of Devon.
- Related party transactions can increase the level of risk for Devon when they are not transacted at arm's length.
- Related parties (in relation to Devon) include:
 - i. an associated person of Devon (as defined in the FMC Act); and
 - ii. a related body corporate of Devon (as defined in the FMC Act);
 - iii. a director or senior manager of Devon or any other person occupying a position that allows the person to exercise significant influence over the management or administration of Devon;
 - iv. an associate of a person referred to at (i) to (iii) above;
 - v. a director of an associated person of Devon; and
 - vi. a director of a related body corporate of Devon.
- Related party transactions could arise for Devon where:
 - i. services are provided by Devon to a related party, and vice versa.
 - ii. Devon makes a loan or guarantee to a related party, and vice versa.
 - iii. Devon invests into a related party Managed Fund.
 - iv. services are provided to Devon by a related party.

For more information on the rules on related party transactions that apply to Managed Investment Schemes under the FMC Act, go to: <http://fma.govt.nz/compliance/guidance-library/managed-investments/related-party-transactions-under-the-financial-markets-conduct-act-2013>

Information on market indices.

Where relevant we reference Fund benchmarks in the PDS and SIPO. We may refer to an appropriate market index for comparative purposes in the Fund updates. In certain instances, the benchmark and the appropriate market index may be different. This may occur in the case of an absolute return type product whereby it is not the Fund's objective to follow a market index, for example, the Devon Alpha Fund. In these instances we may use a combination of any of the below indices we decide is appropriate.

More information on these indices can currently be found at the following web pages.

- S&P/NZX Indices: <http://us.spindices.com/regional-exposure/asia-pacific/new-zealand>
- S&P/ASX Indices: <http://www.asx.com.au/products/indices.htm>
- MSCI Indices: <https://www.msci.com/indexes>
- 90 Day Bank Bill: <http://www.rbnz.govt.nz/statistics/key-graphs/key-graph-90-day-rate>
- Bloomberg Indices: <https://www.bloomberg.com/professional/product/indices/>

Other indices:

- Official Cash Rate (**OCR**): <http://www.rbnz.govt.nz/monetary-policy/official-cash-rate-decisions>

The appropriate market indices that we use for comparative purposes in demonstrating a Fund's returns may be updated by us at any time.

The indices referenced above, and those web pages may be renamed or replaced from time to time without notice to you.

Financial statements and auditor's report.

The Fund's balance date is 31 March each year and financial statements for the most recent accounting period will be uploaded to the Scheme Register by 31 July of that year.

The Fund's financial statements are audited by a qualified auditor, currently PriceWaterhouseCoopers (PwC). The auditor's report on the financial statements will accompany the financial statement upload to the Scheme Register each year.

We provide a copy of the financial statements to investors. The most recent financial statements are available on our website, www.devonfunds.co.nz or on the disclose register www.business.govt.nz/disclose.

No guarantee.

No person, including Devon Funds Management Limited, Devon's Directors, Investment Services Group Limited (Devon Funds Management's parent company) or its Directors, employees, the Custodian, Fund adviser, the administration manager or the Supervisor, guarantees or promises the repayment of, or returns on, your investment in the Funds.

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