July 2023

InvestNow Meet the Manager – Devon Funds

Answers to the questions below have been provided by Devon and represent Devon's views and perspectives.

Who are Devon Funds?

"Devon is a privately-owned independent investment management business that specializes in building investment portfolios for our clients that are comprised of companies listed on the New Zealand and Australian stock exchanges. Devon's approach is an active one whereby rigorous research and analytical skills are applied to maximum advantage.

Devon manages around $2 billion on behalf of a diverse range of leading New Zealand clients, including the New Zealand Superannuation Fund, community trusts, charities, KiwiSaver schemes, corporate pension schemes, institutional and individual investors. Devon is an active, valuation-aware fund manager, with responsible investing considerations a core part of our framework.

Devon was established in March 2010. The Devon investment team is a highly experienced one, and has been incredibly stable in an industry which has been extremely fluid. Three senior members of the team have been with Devon for more than 10 years.

All of the senior team are shareholders in the business, and it is a requirement at Devon that any investment by staff in New Zealand or Australian shares must be through our funds. Devon's highly qualified and experienced investment team is committed to helping clients achieve their investment results. We believe our advantage lies in our people – a dedicated team of investment professionals with over 100 years combined experience in the investment industry both within Australasia and further afield."

What are the key investment philosophies, strategies, etc you employ?

"Devon's investment team is responsible for the proprietary analysis of the majority of companies across the NZX50 and ASX200. The Devon investment team build and maintain their own discounted cash flow models of companies that they are investing in, or are considering for investment.

We are looking to identify those businesses whose fundamental characteristics are consistent with Devon's investment philosophy – that superior investment returns will be generated, through market cycles, by investing into high-quality businesses which are trading at a discount to their intrinsic value. We are looking for those companies that have strong and sustainable competitive positions, generate high levels of free-cash, conduct themselves in a manner consistent with our expectations around sustainability and exhibit clear valuation upside based on our bottom-up analysis."

What investment style does Devon follow?

"Devon is one of the few (if not the only) New Zealand-based fund managers with an actively managed, and genuine, value tilt. A commitment to this strategy has served Devon's portfolios and clients well during the style rotation from growth to value that accelerated in 2022. Based on previous cycles and the increasing view that interest rates are set to remain elevated, this style out-

performance may well endure for many years. All the Devon funds are grouped at the value end of the value/growth style spectrum."

How does your style and processes shape the fund offerings you currently have?

"Devon's valuation-aware, active approach to investing is a core part of the philosophy across Devon's investment offerings. While Portfolio Managers are ultimately responsible for their own Fund(s), the Devon investment team operates in a very collaborative and supportive environment, and one which has helped to foster investment outperformance.

*Devon's three flagship offerings are the **Devon Alpha Fund, Devon Trans-Tasman Fund** and **Devon Dividend Yield Fund. These funds are all available on InvestNow.***

*The **Devon Alpha Fund** is unique in its space. The strategy runs a concentrated portfolio of 10 to 15 well-researched shares, predominantly NZX and ASX listed companies. The Fund runs an absolute return strategy and does not track an equity index. It has maximum flexibility as it relates to cash positioning. The Fund is managed by Slade Robertson who was a founding shareholder of Devon 12 years ago.*

*The **Devon Trans-Tasman Fund** is also invested in a Trans-Tasman portfolio of well-researched companies. The Fund's benchmark is a 50/50 composite of the ASX200/NZ50. The Fund has the complete flexibility to tilt more towards Australian or New Zealand-listed companies. This flexibility is important, particularly when it is expected that the two economies may move out of lockstep. The Fund is primarily managed by Tama Willis who has been with Devon for over 10 years.*

*Similar to the Alpha and Trans-Tasman Funds, the **Devon Dividend Yield Fund** also invests in a select portfolio of NZX and ASX listed companies. The Fund's benchmark is a 50/50 composite of the ASX200/NZ50. The Fund's priorities are different however in that it aims to ensure that the dividend growth of constituent companies is above the rate of inflation – something that is highly relevant in these inflationary times. The Fund aims to produce a yield of 2% above the blended NZ50/ASX200 gross yield.*

The Dividend Yield Fund has complete flexibility to tilt more towards Australian or New Zealand-listed companies. The Fund is managed by Devon's Chief Investment Officer, Mark Brown, who has been with Devon for over 5 years. Prior to joining Devon, Mark was the Australasian Head of Equities at ANZ New Zealand Investments."

How have your funds performed?

"Strongly. The clear out-performance of the Devon funds over the past three years is highlighted in the graph below, and in our view reflects the strength of our investment team and process.

The Devon investment team adopts a robust bottom-up modelling of all stocks that are in the portfolio or considered for inclusion. We are committed to doing all of our own research, based on regular meetings with the companies that we are considering for investment and thoroughly understanding the key drivers of value in the sectors that these businesses operate in. This primary analysis enables Devon to form independent views on stock valuations and this, in turn, gives us the confidence to make decisions. Volatility in markets is a very productive environment for this approach. We are committed to serving our clients as best we can, striving to identify and assemble the best possible stock opportunities at any time for our investment portfolios."

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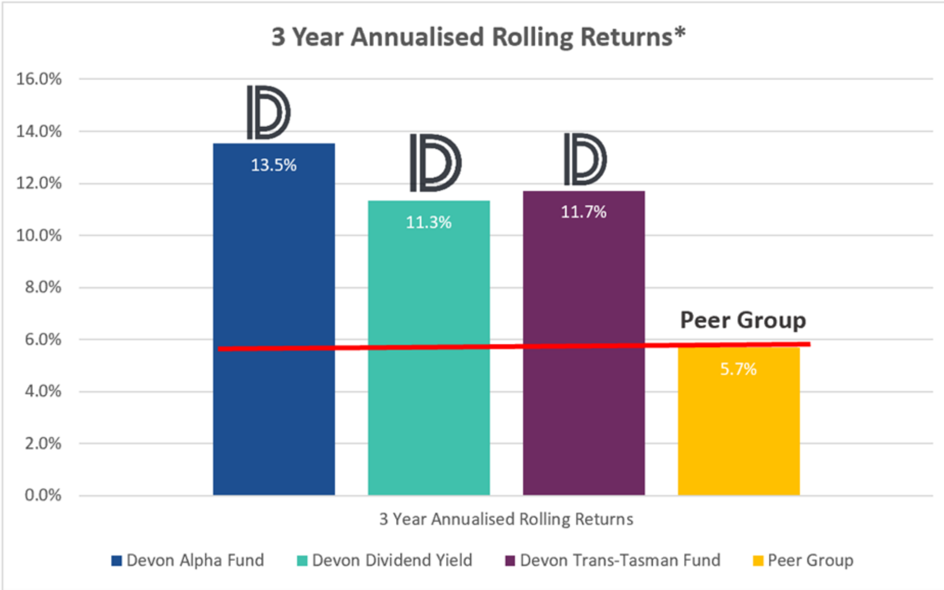
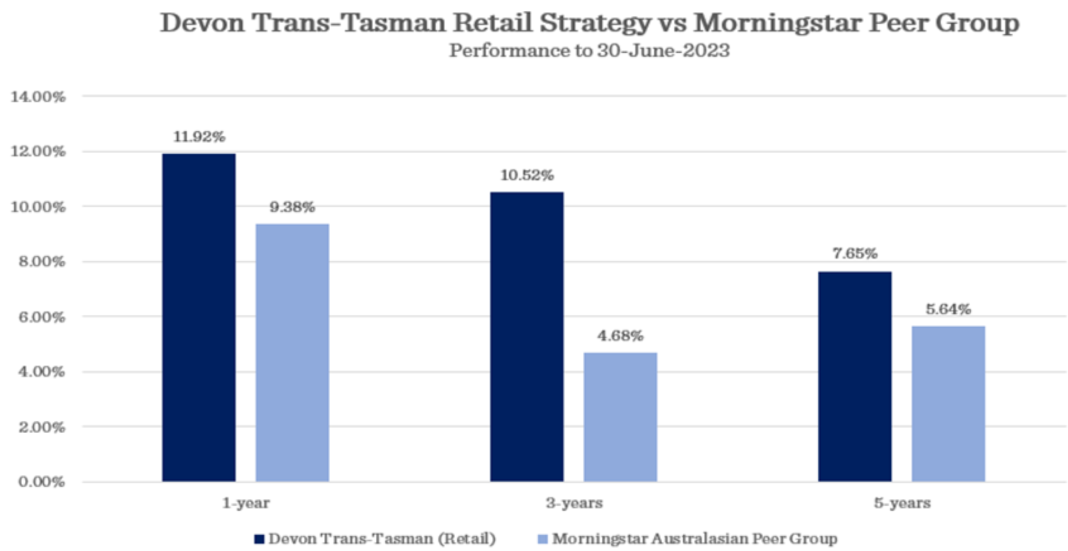


*the figures provided are based on rolling 3-year returns (net of fees, inclusive of imputation credits but before tax) sourced from Morningstar to 15/6/2023. 'Peer Group' is based on the average performance of a grouping provided by Morningstar of New Zealand-based Fund Managers, Australasia Region. Past performance does not represent future performance.

Have your funds performed well just because you are a value-driven manager?

"Style has not been the only driver of outperformance, with Devon having demonstrated that our processes and investment team are also key factors. We believe these factors can help see Devon outperform regardless of the market cycle.

Indeed, our own analysis below shows that the Devon Trans-Tasman strategy outperformed across the cycle consistently over the past seven years, and regardless of whether value or growth were outperforming. The graph below represents the Trans-Tasman strategy's outperformance against the corresponding growth factor outperformance."



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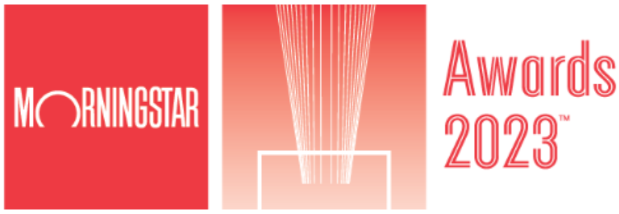
*The figures are based on returns (net of fees, inclusive of imputation credits but before tax) sourced from Morningstar to 30/6/2023. 'Peer Group' is based on the average performance of a grouping provided by Morningstar of New Zealand-based Fund Managers, Australasia Region. Past performance does not represent future performance.

Have your funds received any accolades in recent times?

"Yes. The Devon Dividend Yield and Devon Trans-Tasman Funds were voted Fund Manager of Year: Domestic Equities at the Morningstar 2023 Awards.



Morningstar Fund Manager of Year: Domestic Equities
Devon Dividend Yield and Devon Trans-Tasman Funds

The Devon Alpha Fund was awarded Australian Equities Fund Manager of the Year at the 2022 Research IP awards."

What is your approach to responsible investing?

"Devon has a robust responsible investing framework. We apply two strategies when managing clients' funds: (1) Environmental, Social and Governance considerations are a key part of our fundamental research process, and (2) active ownership.

We believe that companies that have strong Responsible Investing policies in place are more likely to act in the best interest of all their stakeholders and are better positioned to deal with any challenges that arise. We believe that this will, in the long term, result in improved investment returns.

Devon's commitment to responsible investing has been recognised by several industry bodies, including RIAA (Top Responsible Investment Leader 2021 and 2022) and the likes of Mindful Money. Devon is a Founding Signatory of the Stewardship Code of Aotearoa NZ."

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DEVON FUNDS.

Do you have any pure-play Sustainability offerings?

*"Yes. While ESG considerations are embedded across our investment processes**, the Devon Sustainability Fund** specifically seeks to invest in those companies that exhibit sustainable characteristics and those which demonstrate credible strategies to improve their outcomes with respect to ESG factors. The Fund also employs an initial ethical screen which will prohibit investment into certain companies and sectors.*

The Devon Sustainability Fund invests in a select portfolio of New Zealand and Australian listed companies. The Fund's benchmark is a 50/50 composite of the ASX200/NZ50. The Fund aims to achieve a 2% return in excess of the benchmark over a rolling three-year period.

The Devon Sustainability Fund is managed by Devon's Chief Investment Officer, Mark Brown, who has been with Devon for over 5 years. Prior to joining Devon, Mark was the Australasian Head of Equities at ANZ New Zealand Investments. The Devon Sustainability Fund has been RIAA certified. The Devon Sustainability Fund is also available on InvestNow."