

## The Equity Income Fund

### Supplement to the Prospectus dated 15 November 2011 for Devonshire Assets Managed Funds plc

This Supplement contains specific information in relation to The Equity Income Fund (the **Fund**), a Fund of Devonshire Assets Managed Funds plc (the **Company**) an umbrella fund with segregated liability between sub funds and an open-ended investment company with variable capital governed by the laws of Ireland and authorised by the Central Bank of Ireland (the **Authority**).

**This Supplement forms part of and should be read in conjunction with the Prospectus dated 15 November 2011.**

The Directors of Devonshire Assets Managed Funds plc, whose names appear in the **Directors of the Company** section of the Prospectus, accept responsibility for the information contained in the Prospectus and this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

Application was made to the Irish Stock Exchange for the Shares of The Select Equity Income Fund issued and available for issue, to be admitted to the Official List of the Irish Stock Exchange. The Shares issued or to be issued in respect of the Fund were admitted to the Official List and dealings in the Shares of the Fund commenced on or about 14 March 2006. The Prospectus for the Company dated 15 November 2011 and this Supplement shall constitute listing particulars for the purposes of the listing of the Shares of the Fund on the Irish Stock Exchange. No application has been made to list the Shares on any other exchange.

Save as disclosed in the supplement, there has been no significant change and no significant new matter has arisen since publication of the prospectus.

**Due to the higher than average degree of risk attached to investment in this Fund, an investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.**

Words and expressions defined in the Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Supplement.

Dated: 15 November 2011

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## INVESTMENT OBJECTIVE AND POLICIES

### Investment Objective

The objective of the Fund is to provide income and long term capital growth from a portfolio of UK based investments.

### Investment Policies

The Fund's investment objective will be achieved through investment in a portfolio of collective investment scheme ("CIS") holdings which satisfy the requirements of the Authority, which are UCITS, Irish retail non-UCITS which comply in all material respects with the UCITS Notices, Guernsey Class A Schemes, Jersey Recognised Funds and Isle of Man Authorised Schemes, including other schemes managed by the Investment Manager or its affiliates. It may also invest in a portfolio of UK based equity securities that are freely transferable, fixed income securities, cash and money market instruments. The Fund may, where the Investment Manager considers it in the best interest of the Fund, invest all of its assets solely in equity securities or invest all of its assets solely in UK based equity securities that are freely transferable, fixed income securities cash and money market instruments (such as, for example, bonds).

Typical fixed income investments (which may or may not be investment grade) and money market instruments include government and corporate debt securities which may have fixed or floating rates of interest and which need not have a credit rating, including, but not limited to, bonds and notes (fixed and floating), treasury bills, certificates of deposit, commercial paper, asset backed securities and mortgage backed securities, listed or dealt in on the stock exchanges or regulated markets set out in Appendix I of the Prospectus and cash deposits.

The Fund may also invest in transferable securities primarily of companies listed or traded on a regulated stock exchange or market set out in Appendix I of the Prospectus. The securities will primarily be common stocks and other securities with equity characteristics, including but not limited to preferred stocks, warrants (not more than 10% of the Fund's Net Asset Value), rights (which are issued by a company to allow holders to subscribe for additional securities issued by that company) and convertible securities, as well as depository receipts, for such securities all of which are traded on securities exchanges or regulated markets listed in Appendix I of the Prospectus.

The Fund may invest up to 10% of its assets in emerging market countries.

**The Fund may from time to time be solely invested in collective investment schemes.** The Investment Manager expects the annual management charges of the underlying CIS in which the Fund invests no more than 2% of their net asset value. Details of such annual management charges will be furnished in the annual report and accounts circulated to investors. The CIS in which the Fund may invest may or may not be regulated and will be domiciled in any of the domiciles listed in Appendix I of the Prospectus and may include a full range of funds provided that they comply with Guidance Note 2/03.

The Fund does not currently use FDIs. However, the Fund may use FDIs (subject to the investment and borrowing limits set out herein) and may enter into repurchase and reverse repurchase agreements as well as stocklending arrangements for efficient portfolio management purposes and in order to hedge against exchange rate risk and may enter into spot/forward currency hedging contracts to reduce risks, costs or a combination of both subject to the relevant restrictions set out by the Authority. FDIs will not be entered into for speculative purposes.

Where the Fund utilises FDIs and/or enters into repurchase and reverse repurchase agreements or stocklending arrangements, it will at all times comply with the requirements of UCITS Notices 10 and 12 respectively. Before utilising a FDI, the Company on behalf of the Fund will file a risk management process report with the Authority. The aim of utilising FDIs will be to reduce costs and manage risks. The Company on behalf of the Fund, will on request, provide supplementary information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.

## INVESTMENT RESTRICTIONS

The general investment restrictions set out under the heading **FUNDS - Investment Restrictions** in the Prospectus shall apply.

## **PROFILE OF A TYPICAL INVESTOR**

Investment in the Fund is suitable for investors who are able to sustain a loss on their investment and who seek long term capital growth from a diversified portfolio of investments.

## **BORROWINGS**

In accordance with the general provisions set out in the Prospectus under the heading **FUNDS - Borrowing and Lending Powers** the Fund may borrow up to 10% of its net assets on a temporary basis.

## **RISK FACTORS**

The general risk factors set out under the heading **RISK FACTORS** section of the Prospectus apply to the Fund. In addition, the following risk factors apply to the Fund:

### **Non-Investment Grade Bonds**

The price of any security which is constituted as a bond is affected by the issuer's or counterparty's credit quality. Changes in financial condition and general economic conditions can affect the ability to honor financial obligations and therefore credit quality. Lower quality bonds are generally more sensitive to these changes than higher quality bonds. Even within securities considered investment grade, differences exist in credit quality and some investment grade debt securities may have speculative characteristics. A security's price may be adversely affected by the market's opinion of the security's credit quality level even if the issuer or counterparty has suffered no degradation in ability to honor the obligation. Lower rated securities have a greater risk of default than higher rated securities.

### **High Yield Non-Investment Grade Securities**

There may be significant delays in disposing of illiquid securities, and transactions in illiquid securities may entail registration expenses and other transaction costs that are higher than transactions in liquid securities.

The Fund may invest in securities which may be regarded as predominantly speculative with respect to the issuer's continuing ability to meet principal and interest payments. High yield security prices may be more susceptible to real or perceived adverse economic and industry conditions than higher rated securities. Historically, the prices of high yield securities have been found to be less sensitive to interest rate changes than more highly rated investments, but more sensitive to adverse economic and/or industry conditions, or corporate developments. If the issuer of high yield securities defaults, the Fund may incur additional expenses to seek recovery.

## **Warrants**

**An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be suitable for all investors.**

## **Financial Derivative Instruments**

While the prudent use of FDI can be beneficial, FDIs also involve risks different from, and in certain cases greater than, the risks presented by more traditional investments. Each Fund may enter into transactions in OTC markets that expose it to the credit of its counterparties and their ability to satisfy the terms of such contracts. Where a Fund enters into credit default swaps and other swap arrangements and derivative techniques, it will be exposed to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, the Fund could experience delays in liquidating the position and may incur significant losses. There is also a possibility that ongoing derivative transactions will be terminated unexpectedly as a result of events outside the control of the Company, for instance, bankruptcy, supervening illegality or a change in the tax or accounting laws relative to those transactions at the time the agreement was originated.

Since many FDIs have a leverage component, adverse changes in the value or level of the underlying asset, rate or index can result in a loss substantially greater than the amount invested in the derivative itself. Certain FDIs have the potential for unlimited loss regardless of the size of the initial investment. If there is a default by the other party to any such transaction, there will be contractual remedies; however, exercising such contractual rights may involve delays or costs which could result in the value of the total assets of the related portfolio being

less than if the transaction had not been entered. The swap market has grown substantially in recent years with a large number of banks and investment banking firms acting both as principals and as agents utilising standardised swap documentation. As a result, the swap market has become liquid but there can be no assurance that a liquid secondary market will exist at any specified time for any particular swap. Derivatives do not always perfectly or even highly correlate or track the value of the securities, rates or indices they are designed to track. Consequently, a Fund's use of derivative techniques may not always be an effective means of, and sometimes could be counter-productive to its investment objective. An adverse price movement in a derivative position may require cash payments of variation margin by the Fund that might in turn require, if there is insufficient cash available in the portfolio, the sale of the relevant Fund's investments under disadvantageous conditions.

## **DIVIDEND POLICY**

The Directors intend to declare at least 85% of the net income (i.e., revenue accrued in the period including dividend and interest, less expenses accrued in the period) of the Fund attributable to each class quarterly on or about 31 March, 30 June, 30 September and 31 December in each year as a dividend to the Shareholders of each class of Shares on the register of members as at the close of business on the relevant Dealing Day. A Shareholder may, by ticking the appropriate box in the application form elect to receive all dividends in cash. If the Shareholder does not so elect all dividends will be automatically reinvested in the purchase of new Shares in the relevant Fund.

Where dividends are paid to Shareholders, they will be paid by cheque or telegraphic transfer to the bank account designated by the Shareholder in which case the dividend will be paid with the expense being paid out of the assets of the Fund and will be paid within four months of the date the Directors declare the dividend.

## **Tax**

The impact that tax may have on an investment in the Fund may vary between investors and may change in the future. The attention of investors is specifically drawn to the section in the Prospectus entitled "Taxation". Shareholders and potential investors are advised to consult their professional advisers concerning possible taxation or other consequences of purchasing, holding, selling or otherwise disposing of the Shares under the laws of their country of incorporation, establishment, citizenship, residence or domicile.

## **Investment Manager**

Armstrong Investment Managers LLP, details of which are set out on page 24 of the Prospectus.

**Investment Management Agreement** dated 13 July 2010 (the **Agreement**); this Agreement provides that the appointment of the Investment Manager may be terminated by either party giving not less than 90 days' written notice to the other party provided that such notice shall not expire earlier than two years from the date of the agreement although in certain circumstances the Agreement may be terminated forthwith by notice in writing by either party to the other; this Agreement contains certain provisions in favour of the Investment Manager whereby the Company accepts responsibility for loss but excluding matters resulting from the wilful misfeasance, bad faith, fraud, wilful default or negligence of the Investment Manager in the performance or non-performance of its obligations and duties.

## **KEY INFORMATION FOR BUYING AND SELLING**

### **Base Currency**

£

### **Business Day**

Any day (except Saturday or Sunday) on which the banks in both Ireland and the UK are open generally for business, or such other day as the Directors may, with the consent of the Custodian, determine and notify to Shareholders.

### **Dealing Day**

Each Business Day.

### **Dealing Deadline**

In respect of a Dealing Day, the Dealing Deadline is 12pm Irish time on the Dealing Day.

<b>Class</b>	<b>Minimum Shareholding</b>	<b>Minimum Initial Investment Amount</b>	<b>Minimum Additional Investment Amount</b>	<b>Minimum Repurchase Amount</b>
Class A Shares	£10,000	£10,000	£10,000	£5,000

(subject to the discretion of the Directors in each case to allow lesser amounts).

### **Minimum Fund Size**

The minimum size of the Fund will be STG£4,500,000, or such other amount as may be determined by the Directors at their discretion

### **Settlement Date**

In the case of applications, four Business Days after the relevant Dealing Day.

In the case of repurchases four Business Days after the relevant Dealing Day (assuming the receipt of the relevant duly signed repurchase documentation).

### **Subscription Charge**

Up to 5.00% of the value of the subscription.

### **Exchange Charge**

Up to 5.00% of the value of the Shares being exchanged.

### **Repurchase Charge**

None

### **Valuation Point**

12pm Irish time on the Dealing Day.

## **FEES AND EXPENSES**

### **Fees of the Investment Manager, the Custodian, any sub-custodian, the Administrator, the Promoter and any Distributor**

#### Investment Management and Distribution Fee

The Investment Manager is entitled to receive from the Company out of the net assets of the Fund an annual fee not exceeding 1.5% (plus VAT, if any) of the net assets of the Fund. Such fee shall accrue and be calculated on each Dealing Day and be payable monthly in arrears. The annual fee payable to the Investment Manager may be increased to 2.5% (plus VAT, if any) of the net assets of the Fund without the prior approval of the Shareholders. The Investment Manager shall not be entitled to be reimbursed out of the assets of the Fund for its reasonable out-of-pocket costs and expenses incurred by the Investment Manager in the performance of its duties.

The Administrator shall be entitled to receive out of the net assets of the Fund an annual fee of 0.10% of the Net Asset Value of the Fund accrued and calculated on each Dealing Day and payable monthly in arrears subject to a monthly minimum fee of GBP1,500 for the first six months, GBP2,000 for the next six months and GBP2,500 thereafter (plus VAT, if any). The Administrator is entitled to be repaid all of its reasonable agreed upon

transaction and other charges (which will be at normal commercial rates) and other out-of-pocket expenses out of the assets of the Fund (plus VAT thereon, if any).

The Custodian shall be entitled to receive out of the net assets of the Fund an annual fee of 0.05% of the Net Asset Value of the Fund accrued and calculated on each Dealing Day and payable monthly in arrears (plus VAT thereon, if any) subject to a monthly minimum fee of GBP750 for the first six months, GBP1,000 for the next six months and GBP1,250 thereafter.

The Custodian is also entitled to sub-custodian's fees which will be charged at normal commercial rates as well as agreed upon transaction charges (which will be at normal commercial rates) and other out-of-pocket expenses out of the assets of the Fund (plus VAT thereon, if any).

The Promoter in its capacity as promoter and distributor shall be entitled to receive out of the net assets of the Fund an annual fee of up to 0.05% of the Net Asset Value of the Fund (plus VAT if any), subject to a minimum annual fee of €100,000, in aggregate across all the funds of the Company, accrued and calculated on each Dealing Day and payable monthly in arrears.

The Promoter is entitled to be repaid all of its reasonable agreed upon transaction and other charges (which will be at normal commercial rates) and other out-of-pocket expenses out of the assets of the Fund (plus VAT thereon, if any.)

#### Appointment of Sub-Distributors

The Investment Manager may appoint sub-distributors, details of which are available on request. The Investment Manager shall discharge the fees of such sub-distributors out of its own fees and not out of the assets of the Fund.

The cost of establishing the Fund, obtaining authorisation from any authority, listing the Shares on the Irish Stock Exchange, filing fees, the preparation and printing of this Supplement, marketing costs and the fees of all professionals relating to it which are estimated not to exceed €15,000 will be borne by the Fund and amortised over the first five years of the Fund's operation (or such other period as may be determined by the Directors at their discretion) and charged to the Fund on such terms and in such manner as the Directors may at their discretion determine.

This section should be read in conjunction with the section entitled **Fees and Expenses** in the Prospectus.