DEVON FUNDS.

For the informed investor.

DEVON GLOBAL IMPACT BOND FUND

MONTHLY REPORT: JUNE 2022

SUMMARY OF INVESTMENT OBJECTIVE

The **Devon Global Impact Bond Fund** is actively managed and seeks to understand the world's social and environmental problems and to identify and invest primarily in debt issued by companies and organisations that we believe are addressing these needs in a differentiated way through their core products, services and projects. Through the Fund's investments, we seek to improve access to, and the quality of, basic life essentials, reduce inequality and mitigate the effects of climate change. The Fund seeks to deliver long term total returns in excess of the Bloomberg Global Aggregate Index.

PORTFOLIO SUMMARY

	Portfolio	Benchmark	Difference
Effective Duration (Years)	6.78	6.80	-0.02
Spread Duration (Years)	7.47	6.78	0.69
Credit Spread Duration (Years)	7.46	2.65	4.81
Average Quality	A	AA-	_

ALLOCATION

Wellington Global Impact Bond Fund NZD Hedged	97.5%	Cash	2.5%
Currency Hedge (100% to NZD)	100.0%	Total	100.0%

PERFORMANCE

	1 Mth	3 Mth
Devon Global Impact Bond Fund	-2.30%	-5.62%
Bloomberg Global Aggregate Index	-1.55%	-4.48%

Devon Global Impact Bond Fund returns are after all fees and expenses, but before tax which varies by investor.

MARKET REVIEW

In June, fixed income spread sectors underperformed government bonds as spreads widened amid burgeoning recession fears and synchronized efforts by major central banks to counter global inflationary pressures.

Most global sovereign yields rose even as recession risks mounted. It became clearer that persistent and higher-than-expected inflation will likely necessitate a more aggressive pace of rate hikes from major central banks. The US Treasury curve flattened, led by an increase in front-end yields as markets rapidly priced in a quicker pace of Fed rate hikes following a fresh 40-year high inflation print. Canadian front-end yields also increased sharply amid soaring inflation. European yields increased as European Central Bank's President Lagarde said a larger rate hike would be "appropriate" in September, if inflation pressures persisted. The Bank of Japan doubled down on its yield curve control policy.

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FUND PERFORMANCE AND ATTRIBUTION

The Fund generated a negative return during the month and underperformed the Bloomberg Global Aggregate index.

The Fund's corporate credit positioning detracted the most from relative results amid a broad-based spread widening. An allocation to high yield corporates, particularly utilities and financial focusing on resource efficiency and resource stewardship themes, detracted from results as ongoing monetary policy tightening fanned recession fears. An increased risk position via high yield credit default swap index (CDX) also hurt results. An allocation to emerging markets high yield corporates, particularly industrials and utilities – not immune to the spread widening and the impact of rising costs – detracted from relative results. An underweight positioning within investment grade corporates was relatively neutral for performance. Within exposure to convertible bonds, issues with a financial inclusion theme detracted from total returns as concerns about inflation and the possibility of a recession weighed on the overall convertible market.

The Fund's positioning in select taxable municipals focusing on the health themed issuers was a modest detractor from relative performance over the period amid continuing market volatility and the rising-rate environment.

The Fund's positioning in securitized sectors, particularly agency MBS passthroughs, hurt relative returns overall, as spreads widened in concert with other credit assets.

The Fund's overweight positioning in developed market non-USD government related bonds, particularly positioning within supranational and local agency issuers, detracted from relative performance as yields rose. Overall duration/ yield curve positioning at portfolio level detracted from relative results over the month.

MARKET REVIEW (CONTINUED)

Credit markets underperformed duration-equivalent government bonds over the month. At the broad sector level – financials, industrials, and utilities – each generated negative excess returns. Broadly, municipal bonds underperformed duration-equivalent Treasuries. Within the securitized sectors, agency mortgage-backed securities (MBS) underperformed, while commercial mortgage-backed securities (CMBS) and asset-backed securities (ABS) outperformed duration-equivalent government bonds, respectively.

In the US, Fed hiked rates by 75 basis points and signaled another increase in July; however, Fed Chair Powell stated such moves will not be 'common'. In Europe, the European Central Bank ended its quantitative easing program, signaled a 25 basis points rate hike in July, and announced it will design "a new anti-fragmentation" tool and apply flexibility to the pandemic emergency purchase programme (PEPP) reinvestments. The Bank of England hiked rates by 25 basis points and promised to act "forcefully" on inflation if needed.

PORTFOLIO MANAGER

Campe Goodman

Campe is ultimately accountable for all performance and risk management decisions in the Global Impact Bond portfolio. Campe is the final decision maker who is responsible for performance, positioning, and risk in Global Impact Bond portfolios. Campe has 23 years of industry experience and has managed the underlying Wellington Global Impact Bond fund since its inception in 2017.

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CONTRIBUTION TO DURATION YEARS

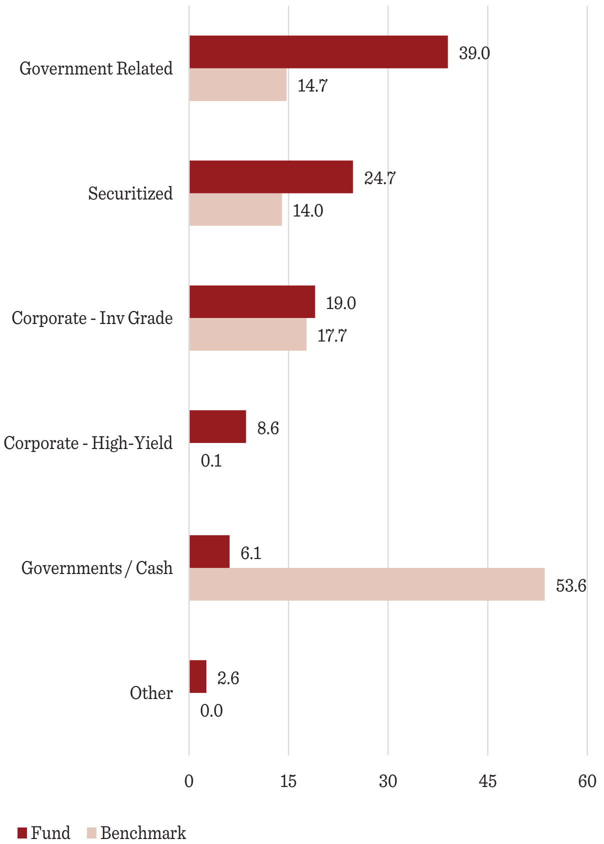
SECTOR	Account	Benchmark	Difference
Cash & Cash Equivalents	0.00	0.00	-0.00
US Government	-0.34	1.05	-1.40
Credit*	5.65	4.94	0.71
Asset Backed Securities	0.01	0.01	0.00
Mortgage Backed	1.32	0.66	0.66
Commercial Mortgage	0.12	0.04	0.09
Other	0.02	0.09	-0.07
Cash Offset	–	–	–
	6.78	6.80	-0.02

*Credit includes Tax-Exempt Municipals, Investment Grade and High Yield Credits, Bank Loans, Emerging Market Debt, and Developed Non US Dollar Denominated Securities.

CREDIT RATING % MARKET VALUE

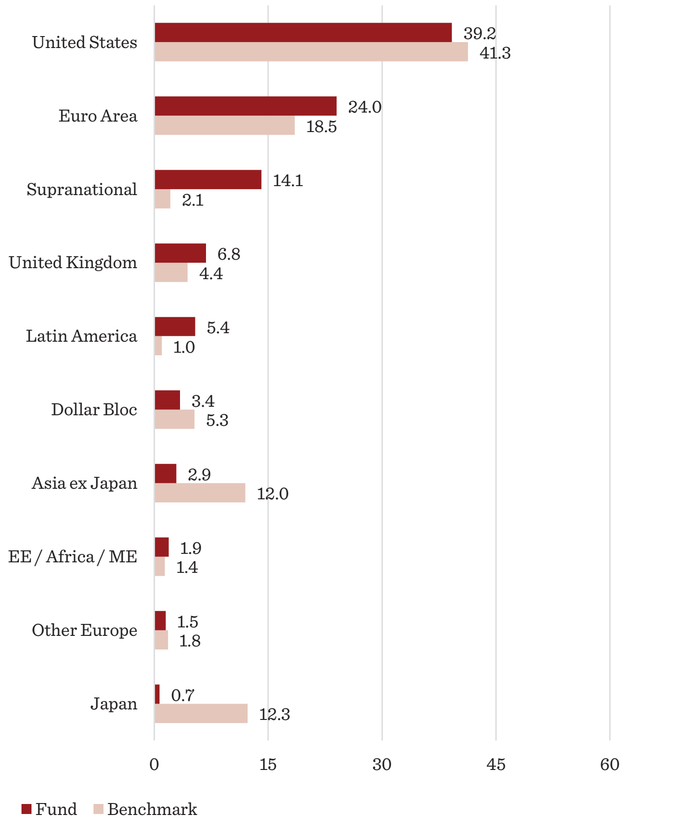
QUALITY	Account	Benchmark	Difference
Cash	-1.51	0.34	-1.85
AAA	48.32	39.18	9.14
AA	15.05	15.27	-0.22
A	13.47	30.63	-17.16
BBB	14.60	14.26	0.34
BB	8.02	0.02	7.99
B	2.74	–	2.74
Below B	0.26	–	0.26
Cash Offset	-2.09	–	-2.09
Not Rated	1.14	0.30	0.84
	100.00	100.00	

SECTOR DISTRIBUTION % MARKET VALUE



Totals may not add up to 100% due to rounding.

GEOGRAPHIC DISTRIBUTION % MARKET VALUE



Totals may not add up to 100% due to rounding. | EE stands for Emerging Europe & ME stands for Middle East.

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FUND POSITIONING AND OUTLOOK

We believe that recession probability has increased, though we are monitoring the impact of tighter financial conditions on the economy, and the distribution of outcomes has widened as a result of elevated geopolitical uncertainty.

We believe savings and relatively low interest rates are still supportive of consumer spending and will help soften the impact of persistent inflation pressures; we maintain a close to neutral risk posture while remaining tactical in duration and preserving a buffer of cash and other liquid instruments to take advantage of future dislocations.

From a sector perspective, the Fund is positioned with an overweight to select taxable municipals. The Fund has a neutral position to investment grade corporate credit and holds select below IG and EM corporates. The Fund holds select green, social, and sustainable bonds supporting environmental and social projects aligned with our impact themes.

The Fund maintains the multifamily workforce housing allocation through agency MBS issuers with a focus on supporting housing affordability. We continue to hold select single-asset single borrower CMBS backed by LEED certified buildings.

The Fund maintains exposure to government and agency bonds intended to fund sustainability-related projects.

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