

Contrasting fortunes

By Greg Smith, Head of Retail at Devon Funds.

Global markets were strong in February, led by the US with the Dow and S&P500 both hitting record highs (a feat also matched by the Nasdaq Composite at the start of March). Investors moved on from the lack of a Fed rate cut and remained buoyed by the broader trend of inflation (despite a higher than expected CPI number during the month) coming down, and the belief that the central bank will possibly ease later in the year. A number of soft data points (including soft fourth quarter GDP figures) boosted this notion.

The US markets have remained on a roll in 2024 and have risen seven out of the past eight weeks, and 16 out the last 18 (something not seen since the early 70's). Investors have meanwhile been betting that mega-cap technology stocks (despite them being incredibly "over-owned" from a historical perspective) are one of the best ways to play slowing inflation and the AI boom. Nvidia's market cap has gone above US\$2 trillion for the first time. The AI darling's shares are up 65% this year.

The tech-laden Nasdaq itself has risen around 10% this year but notably has been eclipsed by an index further afield – Japan. The Nikkei is the best performing stock market so far this year, with a 20% gain, and has reached a record high stretching back to 1989, just before an asset crash kicked off decades of deflation.

Offshore investors have flocked to Japan to take advantage of the cheap yen and corporate governance reforms that have boosted shareholder returns and profits. There is also value appeal with almost a third of Nikkei companies (excluding the financial sector) having a net cash position, double the comparable figure for the S&P 500. Interestingly, Japan's...[READ MORE](#)

MARKET INDICES

Index	Region	Monthly Return	1 Yr. Return
S&P/NZX50G	NZ	-1.1%	-1.3%
S&P/ASX200G	AUSTRALIA	0.8%	10.6%
MSCI World Index	GLOBAL	3.8%	25.0%
S&P500	USA	4.8%	29.7%
FTSE100	UK	0.5%	0.8%
NIKKEI 225	JP	8.0%	45.7%
NZ 90 Day Bank Bill	NZ	0.4%	5.6%
Bloomberg Global Aggregate Index (NZD)	GLOBAL	-0.7%	5.1%

AT A GLANCE

Prices as at 29 February 2024

DEVON ALPHA FUND	\$2.3208
DEVON AUSTRALIAN FUND	\$1.6923
DEVON DIVERSIFIED INCOME FUND	\$1.4413
DEVON DIVIDEND YIELD FUND	\$1.8599
DEVON GLOBAL IMPACT BOND FUND	\$1.3614
DEVON GLOBAL SUSTAINABILITY FUND	\$1.8102
DEVON TRANS-TASMAN FUND	\$4.6694
DEVON SUSTAINABILITY FUND	\$3.2855
ARTESIAN GREEN & SUSTAINABLE BOND FUND	\$1.0414

IN THIS REPORT

Market Commentary.....	Page 1
At a Glance.....	Page 1
Devon Fund Summaries	
Alpha Fund.....	Page 2
Trans-Tasman Fund.....	Page 3
Australian Fund.....	Page 4
Dividend Yield Fund.....	Page 5
Diversified Income Fund.....	Page 6
Sustainability Fund.....	Page 7
ESG Insights.....	Page 8
Devon Global Impact Fund.....	Page 9
Devon Global Sustainability Fund.....	Page 9
Artesian Green Bond Fund.....	Page 10

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DEVON ALPHA FUND

FUND OUTLINE

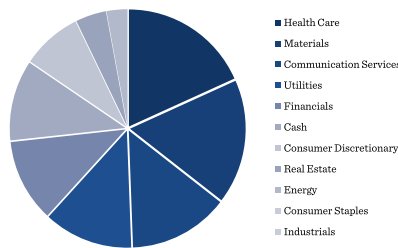
The **Alpha Fund** invests in a concentrated portfolio of approximately 10 to 15 select companies predominantly listed on the NZ and Australian share markets.

The Fund does not follow any index, is actively managed and aims to generate capital growth over the long term. Currency exposure is actively managed.

KEY HOLDINGS



ASSET ALLOCATION



ALLOCATION

New Zealand Equities	16.3%	Cash	11.1%
Australian Equities	72.6%	Total	100.0%
Currency Hedge	0.0%		

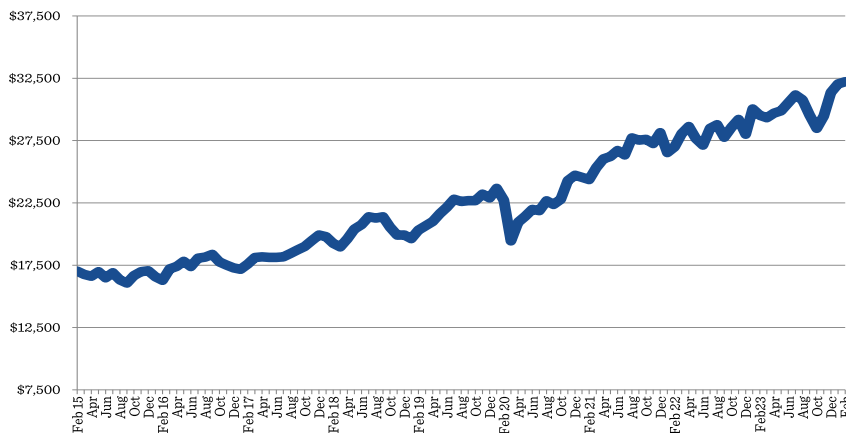
PERFORMANCE

	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	Since Inception
Devon Alpha Fund	0.6%	9.4%	9.1%	9.8%	9.7%	9.2%
OCR + 5%	0.8%	2.6%	10.8%	5.5%	3.6%	2.3%

Devon Alpha Fund returns are after all fees and expenses, but before tax which varies by investor.
*The benchmark for Alpha changed to OCR + 5% from 1 September 2022

NET PERFORMANCE

Based on \$10,000 invested at 1 January 2011



NOTE: Further information on the Devon Alpha Fund can be found in our Quarterly Fund Updates by visiting <https://devonfunds.co.nz/alpha-fund> or by clicking [HERE](#)

COMMENTARY

We were pleased that the Alpha strategy generated a positive return during February as markets were particularly volatile with the earnings season under way. We positioned the portfolio to minimize the risk of exposure to negative results and looked to deploy cash into opportunities where we saw evidence of a short-term mispricing by the market. This resulted in us lifting our exposure to companies such as Seek and BHP. The most significant contributor to Alpha last month was Light & Wonder whose share price jumped more than 20% after delivering a strong quarterly result. This cross-platform gaming company achieved double digit revenue growth across their three respective business lines and grew their operating profit by 22%, relative to the same period a year ago. This company continues to grow its market share and we are confident in their ability to maintain progress as they will soon launch their new game, Dragon Train, in the US.

PORTFOLIO MANAGER

Slade Robertson



Slade has primary responsibility for stock selection and portfolio construction for the Alpha, Australian and Diversified Income funds. Slade is also the Managing Director at Devon and has overall responsibility for the business. Slade has over 20 years' industry experience.



DEVON TRANS-TASMAN FUND

FUND OUTLINE

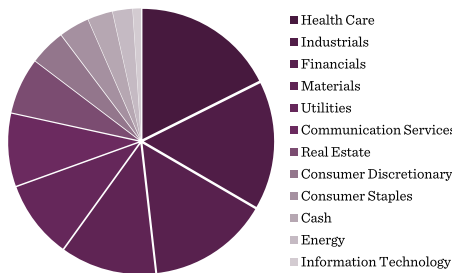
The **Trans-Tasman Fund** provides a broad and actively managed exposure to the New Zealand and Australian equity markets.

This Fund invests in a select portfolio of well researched companies, which are primarily New Zealand and Australian listed companies. The Australian dollar currency exposure is typically unhedged.

KEY HOLDINGS



ASSET ALLOCATION



ALLOCATION

New Zealand Equities	43.4%	Cash	3.1%
Australian Equities	53.5%	Total	100.0%

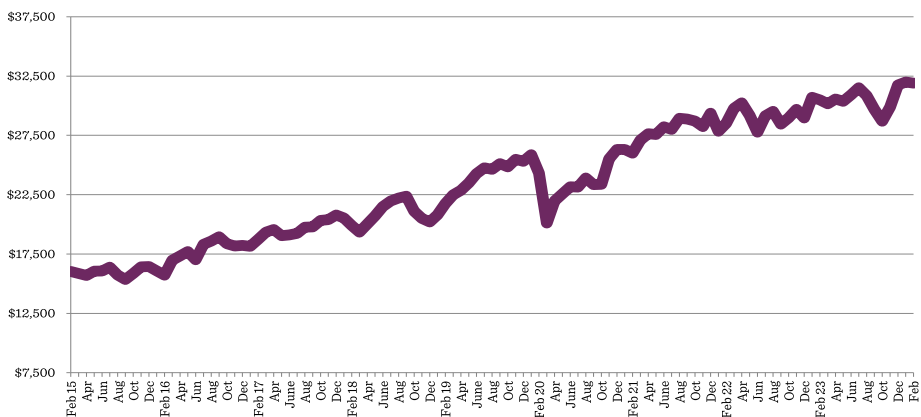
PERFORMANCE

	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	Since Inception
Devon Trans-Tasman Fund	-0.3%	6.8%	4.6%	7.1%	7.9%	8.3%
50:50 NZX50 Gross & ASX200 Index Unhedged	-0.4%	6.3%	3.7%	4.1%	6.9%	8.9%

Devon Trans Tasman Fund returns are after all fees and expenses, but before tax which varies by investor.

NET PERFORMANCE

Based on \$10,000 invested at 1 January 2011



NOTE: Further information on the Devon Trans-Tasman Fund can be found in our Quarterly Fund Updates by visiting <https://devonfunds.co.nz/trans-tasman-fund> or by clicking [HERE](#)

COMMENTARY

The Trans-Tasman portfolio modestly outperformed its benchmark during February, with Australia outperforming New Zealand following a more solid reporting season.

Our best performers over the month were Light & Wonder, which rallied 20.1% following a strong earnings result, and Goodman Group (+16.8%) which beat earnings expectations and also clearly articulated a more advanced datacentre growth pipeline. Suncorp was also an important contributor over the month (+10.2%) following news the Australian Competition Tribunal approved the Suncorp Bank sale to ANZ. This had been a key overhang on the stock price offsetting some of the positive sentiment surrounding the strong premium rate cycle. Subject to the final approval of the Queensland government and Federal Treasurer we expect Suncorp to return in excess of AUD\$4bn to shareholders later this year.

PORTFOLIO MANAGER

Tama Willis



After a long period in international investment markets, Tama returned to NZ after a very successful career in London and Singapore to join Devon's investment team. Tama holds primary responsibility for Devon's Trans-Tasman Fund. Tama is widely regarded as a leading expert on resource and mining stocks.

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DEVON AUSTRALIAN FUND

FUND OUTLINE

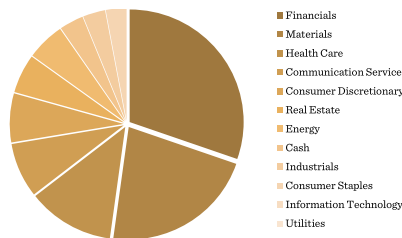
The **Australian Fund** invests in a select portfolio of companies, which are primarily Australian listed companies.

The Australian market is much larger than the New Zealand market and offers exposure to a number of sectors that are not available in New Zealand. The Australian dollar currency exposure of this Fund is typically unhedged.

KEY HOLDINGS



ASSET ALLOCATION



ALLOCATION

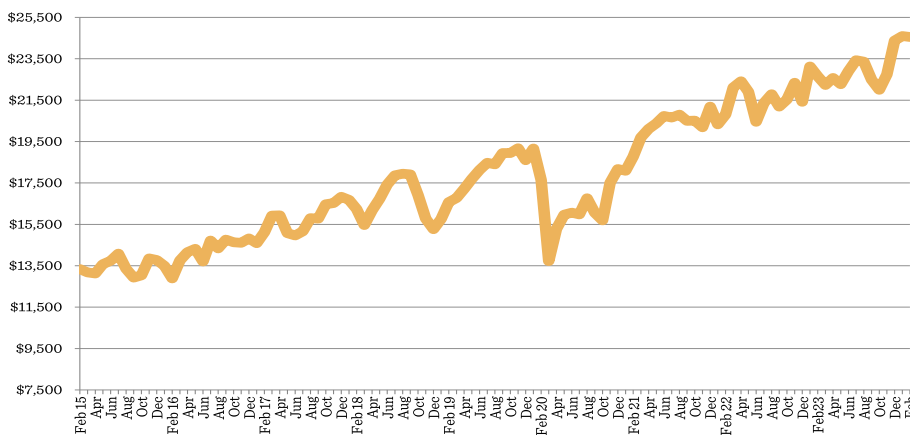
New Zealand Equities	0.0%	Cash	3.4%
Australian Equities	96.6%	Total	100.0%

PERFORMANCE	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	Since Inception
Devon Australian Fund	-0.2%	8.0%	8.4%	9.4%	8.2%	7.7%
ASX200 Index Gross (NZD)	0.3%	8.9%	8.6%	9.5%	9.1%	7.3%

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

NET PERFORMANCE

Based on \$10,000 invested at 1 January 2011



NOTE: Further information on the Devon Australian Fund can be found in our Quarterly Fund Updates by visiting <https://devonfunds.co.nz/australian-fund> or by clicking [HERE](#)

COMMENTARY

The Australian strategy finished below its benchmark during the month, although the portfolio did enjoy some notable contributions. Listed amongst these were Goodman Group which rallied 16.8% and Wesfarmers that rallied 16.1%. The Technology sector was also supportive with our investment in CAR Group closing 11.4% higher. This performance was driven by a strong first-half result which demonstrated the success that this business is enjoying with its growth strategies. CAR reported double-digit growth in revenue and profits, with particularly impressive outcomes being achieved in their media business, digital retailing and through the investments they have made in Brazil and the US. In this sector we also own Seek, whose share price also finished the month higher. Seek delivered an earnings result which was slightly weaker than expectations due to lower volumes but these were offset by yield growth which has given investors confidence looking forward.

PORTFOLIO MANAGER

Slade Robertson



Slade has primary responsibility for stock selection and portfolio construction for the Alpha, Australian and Diversified Income funds. Slade

is also the Managing Director at Devon and has overall responsibility for the business. Slade has over 20 years' industry experience.

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DEVON DIVIDEND YIELD FUND

FUND OUTLINE

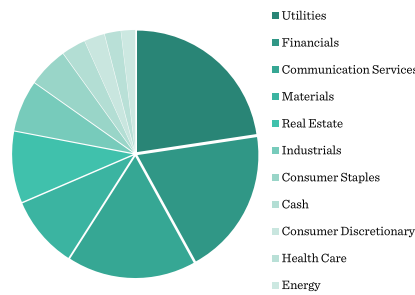
The **Devon Dividend Yield Fund** invests in a carefully selected portfolio of New Zealand and Australian listed companies.

These stocks are chosen for their attractive dividend yields and growth prospects with the aim of maintaining the dividend yield and capital value in real terms. The Australian dollar currency exposure is typically fully hedged.

KEY HOLDINGS



ASSET ALLOCATION



ALLOCATION

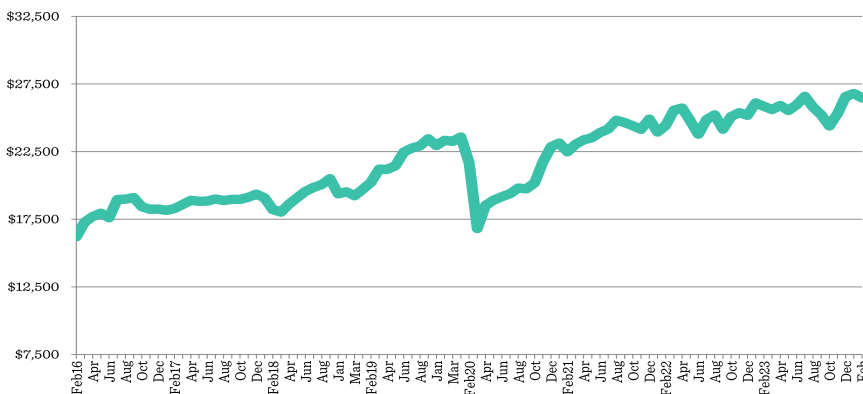
New Zealand Equities	63.4%	Cash	3.2%
Australian Equities	33.4%	Total	100.0%
Currency Hedge	95.6%	Yield	6.2%

PERFORMANCE	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	Since Inception
Devon Dividend Yield Fund	-1.3%	4.6%	2.4%	5.6%	5.5%	9.2%
50:50 NZX50 & ASX200 Index Gross	-0.2%	6.5%	4.7%	4.0%	6.7%	10.1%

Devon Dividend Yield Fund returns are after all fees and expenses, but before tax which varies by investor.

NET PERFORMANCE

Based on \$10,000 invested at 1 January 2011



NOTE: Further information on the Devon Dividend Yield Fund can be found in our Quarterly Fund Updates by visiting <https://devonfunds.co.nz/dividend-yield-fund> or by clicking [HERE](#)

COMMENTARY

February is a month which hosts one of the major reporting seasons, where a large percentage of our companies release their 6-monthly earnings updates to the market. Coles was one of the stand out performers. The Australian supermarket operator rallied 6.2% after posting a strong result. After recently struggling with theft from their supermarkets, management are successfully implementing solutions to stop this activity. Savings from these programs will be seen more materially during the second half of 2024. Moreover, management have also demonstrated an ability to control costs as inflation subsides. In addition to the business facing less margin headwinds, their trading update for the first eight weeks of the second half showed good sales growth, up 5.8% on the prior corresponding period. Coles offers investors a 3.9% yield, which is forecasted to grow by 5.6% annually over the next three years.

PORTFOLIO MANAGER

Mark Brown



Mark has primary responsibility for stock selection and portfolio construction for the Dividend Yield Fund, Sustainability Funds and the New Zealand Equity fund. Mark is also responsible for overseeing the overall research and investment process at Devon.



DEVON DIVERSIFIED INCOME FUND

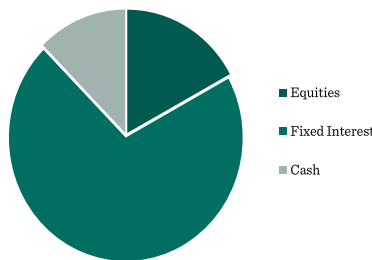
FUND OUTLINE

The **Devon Diversified Income Fund** aims to give New Zealanders access to a diverse and good quality portfolio of high yielding investments. The Fund aims to generate better-than-bank income rates by investing in a carefully selected portfolio of government and corporate bonds, cash, listed property, infrastructure, utility companies, high yielding equities, credit securities and other yielding financial assets.

KEY HOLDINGS



ASSET ALLOCATION



ALLOCATION

New Zealand Equities	15.7%	Bonds	64.7%
Australian Equities	8.2%	Cash	11.4%

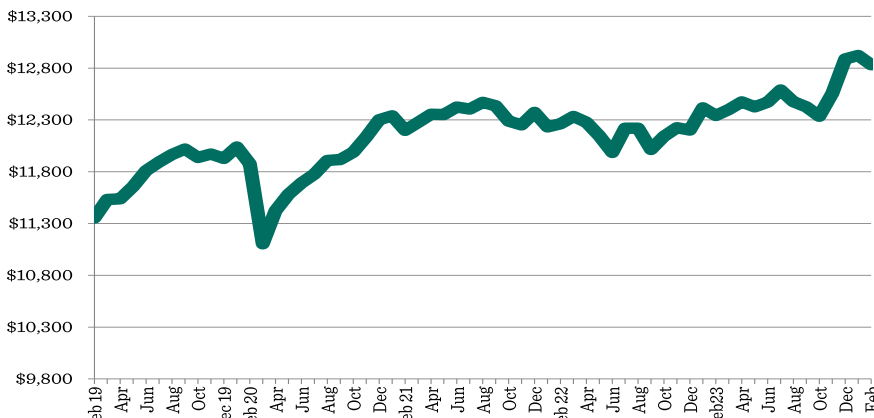
PERFORMANCE

	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	Since Inception
Devon Diversified Income Fund	-0.7%	2.2%	4.0%	1.7%	2.5%	3.2%
OCR + 1.5%	0.6%	1.8%	7.1%	4.5%	3.6%	2.9%

Devon Diversified Income Fund returns are after all fees and expenses, but before tax which varies by investor. Inception date for the Fund is 1 January 2016.

NET PERFORMANCE

Based on \$10,000 invested at 1 January 2016



NOTE: Further information on the Devon Diversified Income Fund can be found in our Quarterly Fund Updates by visiting <https://devonfunds.co.nz/diversified-income-fund> or by clicking [HERE](#)

COMMENTARY

Global bond yields moved broadly higher during the month with the interest rate on US 10-year Treasuries finishing at 4.28% (versus 4.01% at the end of January). The economic data in the US recently has been mixed. GDP growth in the fourth quarter was strong at 3.3%, whilst recent employment data also suggests the economy is on a firm footing. Despite this though, recent soft consumer confidence highlights there are still issues that need to be carefully observed by policy makers. Closer to home, Australian monthly CPI fell by 0.33% in January. This was below expectations and encouragingly for the RBA, 3-month annualised core inflation is now tracking below 3% (for the first time since 2021). In New Zealand, the RBNZ is also showing signs of growing confidence with Governor Orr announcing at last month's policy meeting a forward-looking interest rate track that was slightly more dovish than had been previously announced.

PORTFOLIO MANAGER

Slade Robertson



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DEVON SUSTAINABILITY FUND

FUND OUTLINE

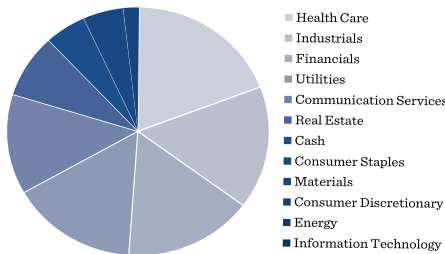
The **Devon Sustainability Fund** invests in a select portfolio of well researched New Zealand and Australian listed companies.

The Fund looks to invest in companies that score highly on overall environmental, social and corporate governance performance. The Fund also employs an ethical screen which will prohibit investment into certain companies and sectors.

KEY HOLDINGS



ASSET ALLOCATION



ALLOCATION

New Zealand Equities	56.2%	Cash	5.1%
Australian Equities	38.7%	Total	100.0%

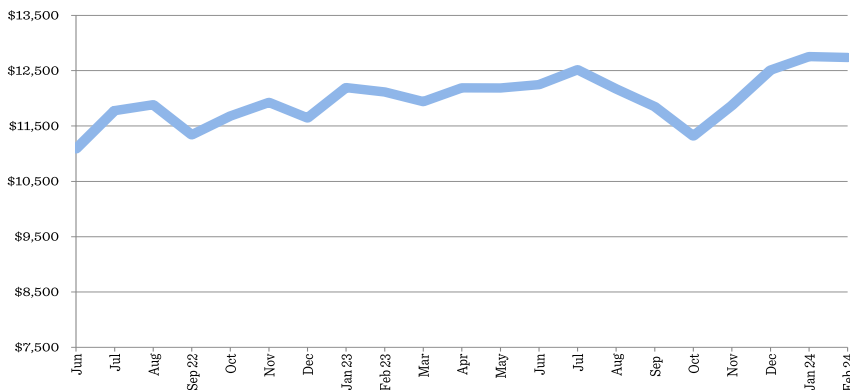
PERFORMANCE

	1 Mth	3 Mth	1 Yr p.a	3 Yr p.a	Since Inception
Devon Sustainability Fund	-0.1%	7.3%	5.2%	4.7%	7.1%
50:50 NZX50 Portfolio Index & ASX200 Index	-0.3%	6.5%	4.4%	3.8%	6.6%

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

NET PERFORMANCE

Based on \$10,000 invested at 31 August 2020



NOTE: Further information on the Devon Sustainability Fund can be found in our Quarterly Fund Updates by visiting <https://devonfunds.co.nz/devon-sustainability-fund> or by clicking [HERE](#)

COMMENTARY

The Sustainability Fund modestly outperformed in February, delivering a return of -0.1%, against a benchmark which was down -0.3%. There were several key contributors including A2 Milk (+20.4%), Goodman Group (16.8%) and Suncorp Group (+10.2%). Goodman Group reported a strong first half result in February, which enabled the company to lift its full year earnings expectations. The company now expects to achieve full year operating earnings growth of 11%, compared to the previous guidance of 9%. Goodman is benefiting from its investment and shift in focus towards data centres and the company's global power bank has now expanded to four gigawatts across 12 major global cities. This, on top of impressive execution in its core business, has continued to give the market confidence in management's ability to deliver through the economic cycle. The fund also benefited from its position in Suncorp after the Australian Competition Tribunal approved the sale of its banking business to ANZ Group.

PORTFOLIO MANAGER

Mark Brown



Mark has primary responsibility for stock selection and portfolio construction for the Dividend Yield Fund, Sustainability Funds and the New Zealand Equity fund. Mark is also responsible for overseeing the overall research and investment process at Devon.

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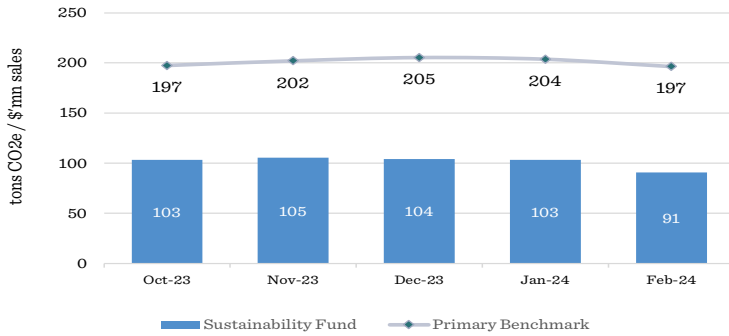
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DEVON SUSTAINABILITY FUND

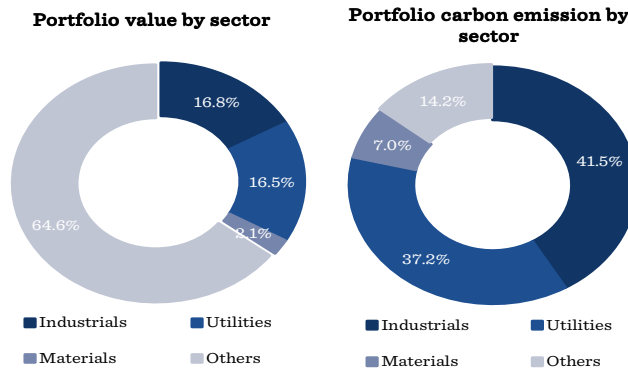
CARBON INTENSITY - PORTFOLIO VS BENCHMARK

Carbon Intensity - Portfolio vs Benchmark



PORTFOLIO CARBON EMISSIONS BY KEY SECTORS

Portfolio Carbon Emissions by Key Sectors



The industrials, utilities, and consumer staples sectors make up 39.3% of the portfolio by value, but they account for 89.6% of the carbon emissions in the portfolio.

ESG PORTFOLIO SUMMARY

	MSCI ESG Ratings	MSCI ESG Quality score	Portfolio
Portfolio	AA	7.76	Sustainability Fund
Benchmark	AA	7.45	Primary Benchmark 50:50 composite S&P/NZX50 Portfolio Index & S&P/ASX200G Index

PERFORMANCE

	1 Mth	3 Mth	6 Mth	1 Yr	Since Inception
ESG relative performance	4.2%	1.2%	3.2%	4.1%	6.1%

*ESG Relative Performance is the MSCI ESG Score of the Devon Sustainability fund compared to the MSCI ESG Score of the Benchmark

PORTFOLIO HOLDING'S DISCLOSURE SUMMARY

Portfolio Holding's Summary

% of companies reporting to TCFD standards	85.0%
% of companies committed to Net Zero	72.5%
% of companies committed to Carbon Neutral	5.0%
% of companies with no commitment to either	22.5%

STEWARDSHIP

During February, Fletcher Building had both its CEO and Chairman step down, taking accountability for several well-publicised issues. This raised governance concerns for Devon, given the issues the company is facing are ongoing and will be difficult to solve in the absence of leadership familiar with the business. We met with the Chairman, Bruce Hassall, in our offices to discuss our concerns. Whilst we still hold governance concerns given the situation, we were given some assurance that the CEO would stay on for longer if the incoming CEO was new to the company. Bruce Hassall observed what the next year should look like for the company and the resolutions we may see on some projects. We provided our feedback to the Chairman and will continue to monitor the situation.

PORTFOLIO MANAGER

Mark Brown



Mark has primary responsibility for stock selection and portfolio construction for the Dividend Yield Fund, Sustainability Funds and the New Zealand Equity fund. Mark is also responsible for overseeing the overall research and investment process at Devon.



DEVON GLOBAL IMPACT BOND FUND

DURATION

Sector	Contribution to Duration (Years)		
	Account	Benchmark	Difference
Cash & Cash Equivalents	-0.00	-0.00	-0.00
US Government	0.27	1.02	-0.76
Credit*	4.63	4.69	-0.06
Asset Backed Securities	0.01	0.01	0.01
Mortgage Backed	1.31	0.72	0.59
Commercial Mortgage	0.07	0.03	0.04
Other	0.00	0.09	-0.09
Cash Offset	-	-	-
	6.29	6.57	-0.27

The Fund invests into the Wellington Global Impact Bond Fund, managed by Wellington Management. Wellington Management is one of the world's leading investment management firms with over US\$1 trillion in assets under management worldwide across a broad range of asset classes. They have been providing innovative investment solutions to clients for more than 85 years. 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.

CREDIT RATING

Quality	Percent of Market Value		
	Account	Benchmark	Difference
Cash	2.50	0.32	2.18
AAA	23.11	11.68	11.44
AA	42.36	42.35	0.01
A	10.49	31.13	-20.63
BBB	14.82	14.25	0.56
BB	4.49	0.01	4.48
B	2.50	-	2.50
Below B	0.20	-	0.20
Cash Offset	-0.85	-	-0.85
Not Rated	0.37	0.27	0.10
	100.00	100.00	

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.

*Duration & Credit Rating as at 29 February 2024

DEVON GLOBAL SUSTAINABILITY FUND

The Fund invests into the Wellington Global Stewards Fund, managed by Wellington Management. Wellington Management is one of the world's leading investment management firms with over US\$1 trillion in assets under management worldwide across a broad range of asset classes. They have been providing innovative investment solutions to clients for more than 85 years. 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.

PERFORMANCE	1 Mth	3 Mth	6 Mth	1 Yr	Since
					Inception
Devon Global Impact Bond Fund	-0.3%	2.8%	3.7%	5.7%	-0.7%
Bloomberg Global Aggregate Index Hedged NZD	-0.7%	2.2%	2.9%	5.1%	-0.8%
PERFORMANCE	1 Mth	3 Mth	6 Mth	1 Yr	Since
Devon Global Sustainability Fund	3.6%	10.7%	9.7%	19.4%	10.3%
MSCI All Country World Index in NZD, 50% hedged to NZD	5.1%	10.9%	10.4%	24.3%	9.1%

*Benchmark performance figure is indicative only and will be finalised in the mid month report

KEY HOLDINGS*



*Key Holdings as at 29 February 2024

Please note that monthly reports will be produced for the Devon Global Impact Bond Fund and Devon Global Sustainability Fund later this month. These reports will include data on top holdings, performance, asset allocation, and fund commentaries. These reports will be sent out separately from those for Devon's other retail funds each month and will be available on the Devon Funds website.

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www.devonfunds.co.nz



ARTESIAN GREEN AND SUSTAINABLE BOND FUND (NZD)

FUND OUTLINE

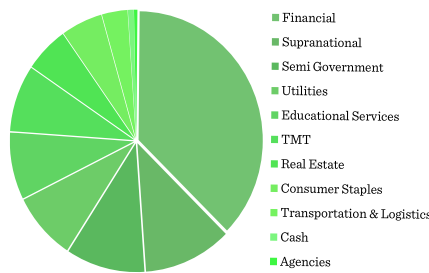
The **Artesian Green and Sustainable Bond Fund (NZD)** offers New Zealand-based investors a Portfolio Investment Entity (PIE) vehicle through which to invest in the Artesian Green and Sustainable Bond Fund (AUD).

Through this structure, the Fund will invest in a diversified portfolio of liquid, predominately investment grade fixed and floating rate green and sustainable corporate bonds. Artesian are committed to integrating ESG into their investment processes, with a focus on responsible investment.

KEY HOLDINGS



ASSET ALLOCATION



ALLOCATION

Artesian Green & Sustainable Bond Fund (NZD)	99.7%	Cash	0.3%
Currency Hedge (100% to NZD)	99.7%	Total	100.0%

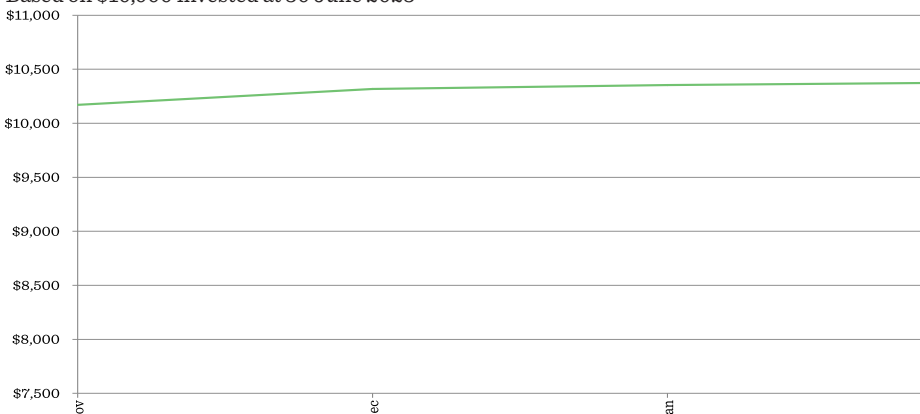
PERFORMANCE

	1 Mth	3 Mth	6 Mth	Since Inception
Artesian Green & Sustainable Bond Fund (NZD)*	0.22%	2.0%	2.8%	4.6%
Artesian Green & Sustainable Bond Fund PIR Return (NZD)**	0.22%	2.1%	3.0%	4.7%
Bloomberg AusBond Composite 0-5 Yr Index 100% Hedged to NZD	0.11%	2.1%	2.8%	4.5%

*Artesian Green & Sustainable Bond Fund (NZD) returns are after all fees and expenses, but before tax which varies by investor.
 **Artesian Green & Sustainable Bond Fund (NZD) returns are after all fees and expenses, but before tax which varies by investor and inclusive of tax credits. The Fund invests in an underlying Australian Unit Trust (AUT) which is required to distribute all income. Tax on these distributions is withheld at fund level but investors receive a tax credit for this amount. As such, the Zero PIR return is a reasonable basis for comparing performance between the NZD Fund and its AUT alternative.

NET PERFORMANCE

Based on \$10,000 invested at 30 June 2023



NOTE: Further information on the Artesian Green Fund can be found in our Quarterly Fund Updates by visiting <https://devonfunds.co.nz/artesian-green-and-sustainable-bond-fund-nzd> or by clicking [HERE](#)

COMMENTARY

The positive tone to the AUD bond market continued in February, with non-financial issuers issuing considerable volume post earnings. Whilst almost all new deals traded tighter in the secondary market, there were signs of investor indigestion later in the month. As this is more technical than anything, we would expect credit to continue to perform once all of the 2024 issuance has had time to find a suitable home. Credit spreads continued to rally throughout the month, non-financials outperformed due to the pick-up in liquidity bought on by new issues.

The Fund's outperformance versus benchmark in February was driven by the overweight credit duration positioning (credit spreads were lower/tighter) and underweight interest rate duration positioning (interest were higher/wider).

Outperformance in February came from the Fund's positions in ANZ (Sustainable), CBA (Green), European Investment Bank (Sustainable) and Woolworths (Green & SLB). The main contributors to underperformance in February were Transpower (Green), La Trobe University (Green) and Western Australia Treasury Corporation (Green).

PORTFOLIO MANAGER

David Gallagher

David joined Artesian in June 2013. Prior to joining Artesian, David spent nine years in the United Kingdom working for Deutsche Bank and RBS. David has extensive risk and portfolio management trading experience.

In David's previous role with RBS, David managed a credit portfolio with outright risk ranging between £1-2.5 billion.

