

Animal spirits

By Greg Smith, Head of Retail at Devon Funds.

The early promise of November played out in earnest as stock markets had their best month in a long time, and in some cases years. The US led from the front with the S&P500 and Nasdaq enjoying the best month since July 2022, gaining 8.7% and 10.7% respectively. The Dow (which hit a record high) jumped 8.8%, the biggest monthly gain since October last year. The MSCI World index rose 9%, a feat not matched since news emerged of a Covid vaccine in late 2020. The New Zealand and Australian markets joined in the rally as well. The NZX50 surged 5.3% in November while the ASX200 gained 5%.

After a testing period through September and October, 'animal spirits' are back and markets have rallied hard, driven by the notion that falling rates of inflation mean that central banks can not only pause rate hikes, but talk about cutting them at some juncture. Bond yields have declined, in stark contrast to what occurred during September and October. The US 10-year Treasury yield peaked at 5% in October and was back under 4.3% by the end of the month. Risk appetite has also increased with the world economy set to emerge from a sustained rate-tightening phase in relatively resilient shape.

Falling rates of inflation have boosted investor sentiment. The Fed's preferred inflation gauge chilled in October. The Core Personal Consumption Expenditures (PCE) Price Index rose 3.5% on a year-over-year basis, slowing from a 3.7% annual gain in the prior month. This is the lowest level in more than two years. Falling energy prices saw headline PCE fall to 3% from 3.4%. On a monthly basis, the PCE index was up just 0.1%, as prices for goods declined 0.3% while those for services gained 0.2%. Parts of the US economy are now deflating as opposed to inflating...[READ MORE](#)

MARKET INDICES

| Index | Region | Monthly Return | 1 Yr. Return |
|--|-----------|----------------|--------------|
| S&P/NZX50G | NZ | 5.3% | -1.9% |
| S&P/ASX200G | AUSTRALIA | 5.0% | 1.5% |
| MSCI World Index | GLOBAL | 9.0% | 13.2% |
| S&P500 | USA | 8.7% | 13.4% |
| FTSE100 | UK | 2.3% | 2.4% |
| NIKKEI 225 | JP | 8.5% | 22.3% |
| NZ 90 Day Bank Bill | NZ | 0.5% | 5.3% |
| Bloomberg Global Aggregate Index (NZD) | GLOBAL | 3.3% | 2.1% |

AT A GLANCE

Prices as at 30 November 2023

| | |
|--|----------|
| DEVON ALPHA FUND | \$2.1223 |
| DEVON AUSTRALIAN FUND | \$1.5673 |
| DEVON DIVERSIFIED INCOME FUND | \$1.4241 |
| DEVON DIVIDEND YIELD FUND | \$1.8010 |
| DEVON GLOBAL IMPACT BOND FUND | \$1.3434 |
| DEVON GLOBAL SUSTAINABILITY FUND | \$1.6355 |
| DEVON TRANS-TASMAN FUND | \$4.3738 |
| DEVON SUSTAINABILITY FUND | \$3.0612 |
| ARTESIAN GREEN & SUSTAINABLE BOND FUND | \$1.0208 |

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DEVON ALPHA FUND

FUND OUTLINE

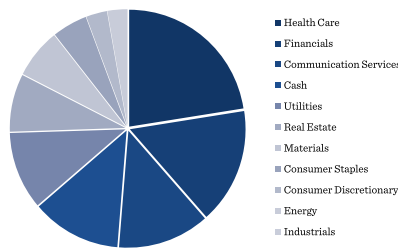
The **Alpha Fund** invests in a concentrated portfolio of approximately 10 to 15 select companies predominantly listed on the NZ and Australian share markets.

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 | 22.8% | Cash | 12.4% |
| Australian Equities | 64.8% | Total | 100.0% |
| Currency Hedge | 0.0% | | |

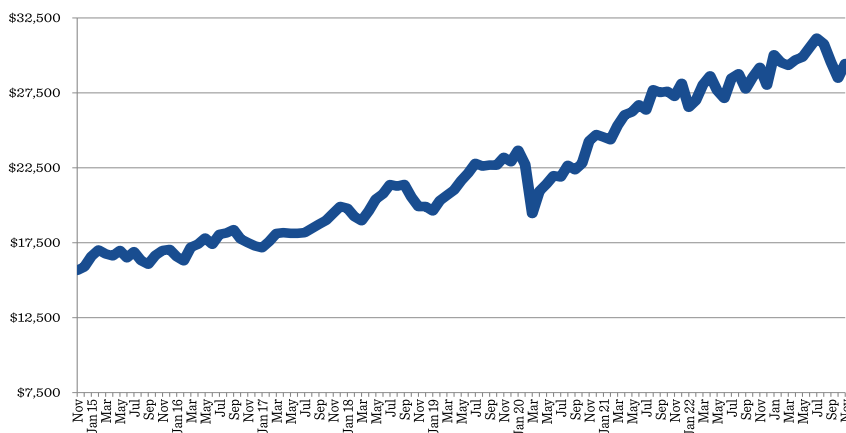
PERFORMANCE

| | 1 Mth | 3 Mth | 1 Yr | 3 Yr p.a | 5 Yr p.a | Since Inception |
|------------------|-------|-------|-------|----------|----------|-----------------|
| Devon Alpha Fund | 3.5% | -4.3% | 0.9% | 6.7% | 8.2% | 8.6% |
| OCR + 5% | 0.9% | 2.6% | 10.5% | 4.6% | 3.1% | 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

The Alpha strategy generated solid returns during November. We enjoyed strong contributions from a number of our key holdings, including CSL which rallied 12.9%, whilst Seek and Light & Wonder finished the month up 15.9% and 14.1% respectively. The most significant highlight though was James Hardie whose share price jumped 24.6% after reporting a strong second quarter result and guiding towards third-quarter volumes which were notably ahead of consensus expectations. This result, and their ability to sustain margins, demonstrates how strong their business is as they continue to navigate a subdued construction cycle in the US. Weighing on our performance was the strength of the New Zealand dollar relative to the Australian dollar. We currently have the large majority of our investments in this portfolio listed on the ASX and subsequent to a hawkish commentary by the Governor of the RBNZ, our local currency rallied strongly, negatively impacting the value of our assets across the Tasman. We believe this move will reverse during 2024.

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

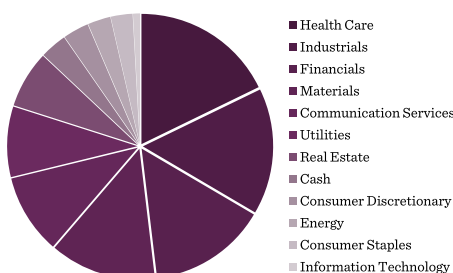
The **Trans-Tasman Fund** provides a broad and actively managed exposure to the New Zealand and Australian equity markets.

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 | 42.6% | Cash | 3.3% |
| Australian Equities | 54.1% | Total | 100.0% |

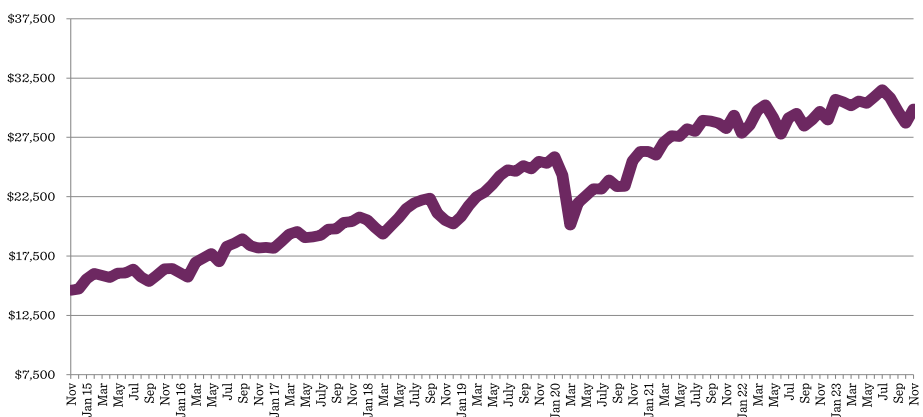
PERFORMANCE

| | 1 Mth | 3 Mth | 1 Yr | 3 Yr p.a | 5 Yr p.a | Since Inception |
|---|-------|-------|-------|----------|----------|-----------------|
| Devon Trans-Tasman Fund | 4.2% | -3.1% | 0.5% | 5.4% | 7.8% | 8.1% |
| 50:50 NZX50 Gross & ASX200 Index Unhedged | 4.5% | -2.5% | -0.5% | 2.0% | 7.0% | 8.7% |

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 performed broadly in line with its benchmark during November. Amongst our best performers were James Hardie which rallied 24.6% and CSL which closed higher by 12.9%. CSL performed strongly over the month and is one of the largest overweight positions in the portfolio. The business continues to benefit from strong plasma collections and solid demand for their products. We also see a relatively limited impact to CSL from the increased use of weight loss drugs and expect around 15% per annum earnings growth over the next 3-4 years.

In terms of portfolio changes we added to our Suncorp holding during November. This company is benefiting from rising insurance premiums following several years of extreme natural peril events. While claims inflation remains elevated, it is expected to moderate as inflation recedes while an El Nino weather pattern contributes to a more benign weather backdrop. Suncorp trades a level we believe provides solid valuation support.

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.



DEVON AUSTRALIAN FUND

FUND OUTLINE

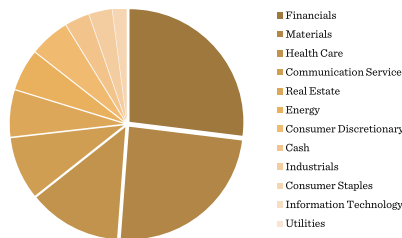
The Australian Fund invests in a select portfolio of companies, which are primarily Australian listed companies.

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

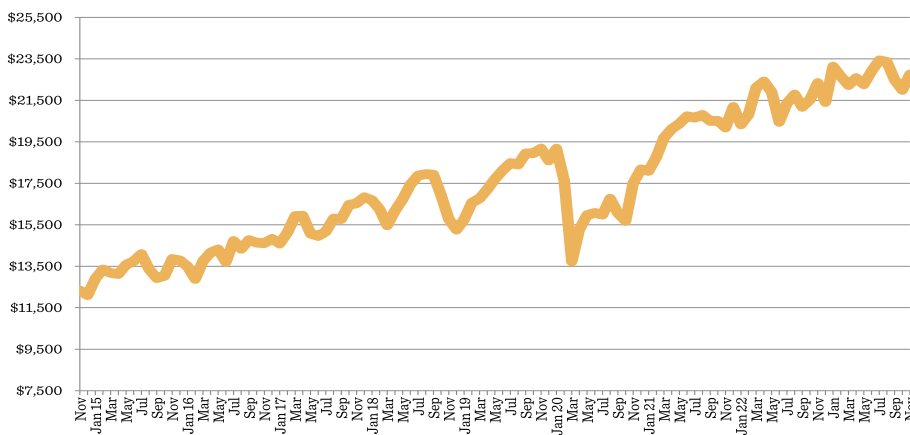
Table with 2 columns: Asset Class and Percentage. Rows include New Zealand Equities (0.0%), Australian Equities (96.6%), Cash (3.4%), and Total (100.0%).

Table with 7 columns: Performance Metric, 1 Mth, 3 Mth, 1 Yr, 3 Yr p.a, 5 Yr p.a, and Since Inception. Rows include Devon Australian Fund and ASX200 Index Gross (NZD).

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

This strategy performed broadly in line with its benchmark during the month as the ASX rallied strongly. Our investment team have spent a lot of time recently across the Tasman and we are very encouraged by the quality of businesses that we are considering for this portfolio. Despite a variable global economic backdrop, companies are controlling margins well and responding effectively to where their opportunities present themselves. A good example of this is Seek whose share price finished the month up 15.9% after investors responded positively to a trading update delivered at their AGM. Despite softening job ad trends in Australia, the company reaffirmed their full-year revenue and earnings guidance. This is driven by strong yield growth and disciplined management of their cost line. We continue to have a meaningful exposure to this business, driven by our confidence in their operating model and the valuation support that we believe is evident.

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 DIVIDEND YIELD FUND

FUND OUTLINE

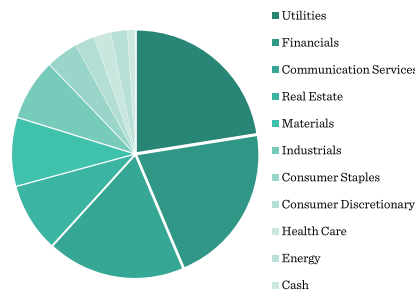
The Devon Dividend Yield Fund invests in a carefully selected portfolio of New Zealand and Australian listed companies.

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

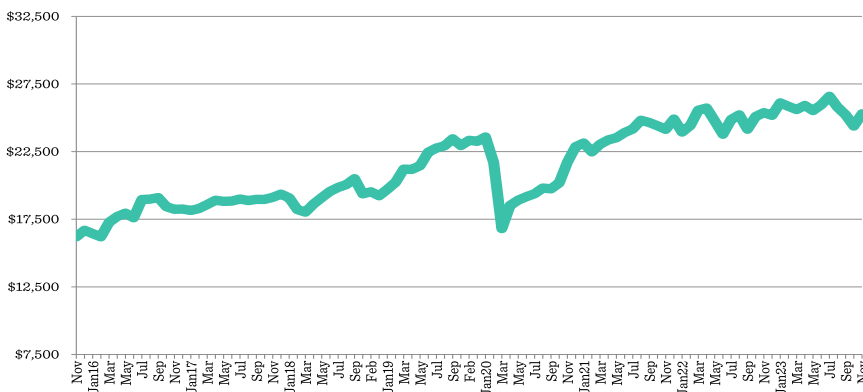
Table with 2 columns: Allocation Category and Percentage. Rows include New Zealand Equities (64.6%), Australian Equities (34.4%), Currency Hedge (98.8%), Cash (1.0%), Total (100.0%), and Yield (6.5%).

Table with 7 columns: PERFORMANCE, 1 Mth, 3 Mth, 1 Yr, 3 Yr p.a, 5 Yr p.a, Since Inception. Rows include Devon Dividend Yield Fund and 50:50 NZX50 & ASX200 Index Gross.

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

During November our investments in real estate investment trusts (REITs) experienced strong positive performance. We're invested in four large REITs over Australasia, totalling around 9% of the Fund's assets. REITs typically offer high dividend yields with lower growth prospects than other companies, as result, we try to contain our exposure to the asset class. However, as government bond yields came down in Australia and New Zealand during the month, we saw REITs which were trading at larger discounts to their underlying asset value do well. This is because the implied value for the underlying property assets became too cheap as rates fell. We saw our investments in GPT Group (GPT) and Charter Hall Long WALE REIT (CLW) rally 13.8% and 11.3%, respectively. The only material detractor during the month was a small position we have in Santos, as they continue to work through consenting their Barossa project in the Northern Territory of Australia.

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

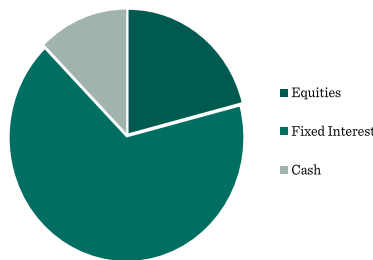
FUND OUTLINE

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 | 18.9% | Bonds | 60.0% |
| Australian Equities | 10.0% | Cash | 11.1% |

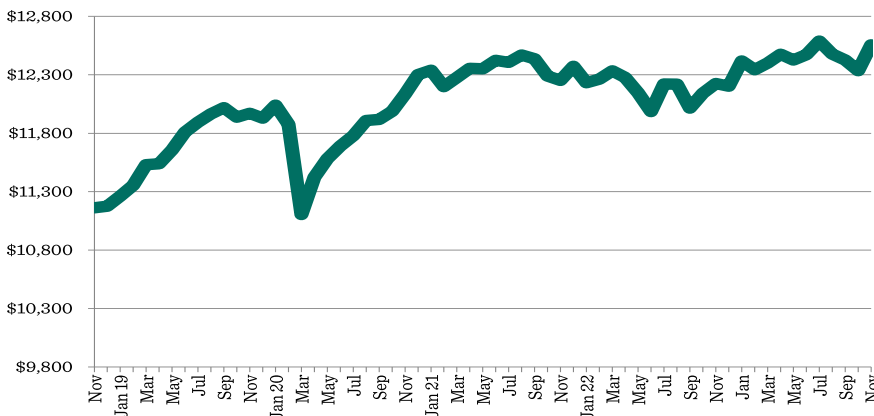
PERFORMANCE

| | 1 Mth | 3 Mth | 1 Yr | 3 Yr p.a | 5 Yr p.a | Since Inception |
|-------------------------------|-------|-------|------|----------|----------|-----------------|
| Devon Diversified Income Fund | 1.8% | 0.6% | 2.7% | 1.1% | 2.4% | 3.1% |
| OCR + 1.5% | 0.6% | 1.8% | 6.8% | 4.0% | 3.4% | 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 bonds rallied strongly during the month, with the yield on US 10-year Treasuries finishing November at 4.26%. Having finished October at 4.84%, this performance was the best recorded for US bonds since May 1985. Driving this outcome was increasing expectations that the Federal Reserve has concluded its program of policy tightening and will consider cutting rates during 2024. During 2023 the US economy has proved particularly resilient but recent data suggests that the tightness in their labour market, in particular, is beginning to ease. Inflation continues to fall and although it remains ahead of the Fed's target, investors are increasingly confident that the next major policy shift will be an easing of conditions. The tone of the RBNZ is in contrast to this stance. In late November the RBNZ left the cash rate unchanged but there was a notably more hawkish tone to their commentary as they highlighted an upward bias to inflation risks and the possibility of further rate hikes.

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 SUSTAINABILITY FUND

FUND OUTLINE

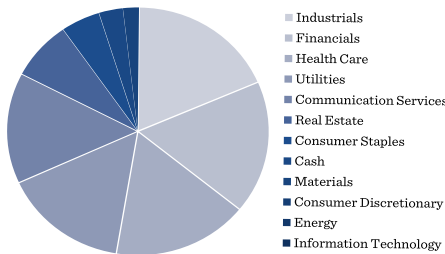
The **Devon Sustainability Fund** invests in a select portfolio of well researched New Zealand and Australian listed companies.

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 | 59.0% | Cash | 3.0% |
| Australian Equities | 38.0% | Total | 100.0% |

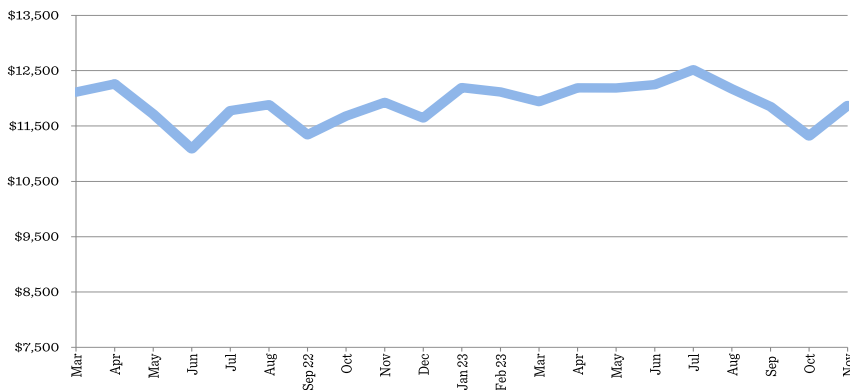
PERFORMANCE

| | 1 Mth | 3 Mth | 1 Yr p.a | 3 Yr p.a | Since Inception |
|--|-------|-------|----------|----------|-----------------|
| Devon Sustainability Fund | 4.9% | -2.5% | -0.4% | 2.4% | 5.4% |
| 50:50 NZX50 Portfolio Index & ASX200 Index | 4.8% | -2.5% | -0.8% | 2.3% | 5.0% |

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 performed well in November delivering a return of 4.9%, against a benchmark which was up 4.8%. The top performing stocks included Seek (+15.9%), CSL (+12.9%) and Goodman Group (+9.7%). Seek held its annual general meeting where the company reaffirmed its full year earnings guidance. This gave the market confidence in the company's ability to manage earnings whilst job ad volumes normalise from the highs seen through Covid-19. Goodman Group's management provided further details on its strategy to expand into the data centre market and how it sees a significant opportunity to grow earnings. Amcor delivered a solid quarterly result during the month and management reiterated their full year earnings guidance. Amcor has underperformed the broader market and we see value emerging in that its price is trading below our assessment of fair value. As a result, we took the opportunity to add Amcor into the portfolio.

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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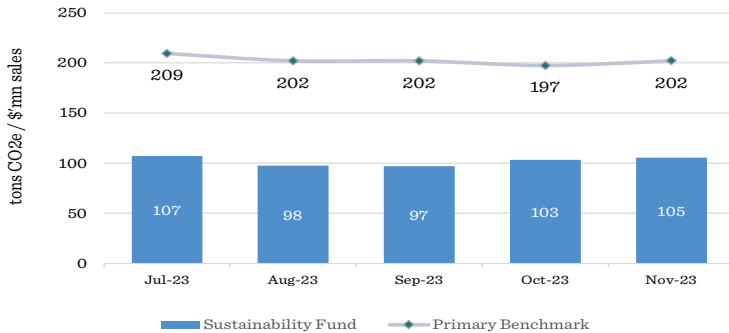
www.devonfunds.co.nz



DEVON SUSTAINABILITY FUND

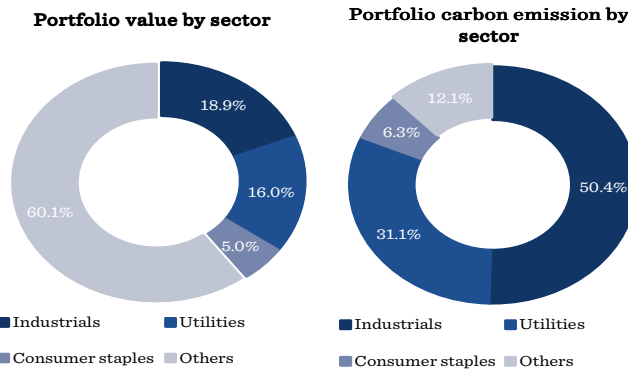
CARBON INTENSITY - PORTFOLIO VS BENCHMARK

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 39.9% of the portfolio by value, but they account for 87.8% of the carbon emissions in the portfolio.

ESG PORTFOLIO SUMMARY

| | MSCI ESG Ratings | MSCI ESG Quality score | |
|-----------|------------------|------------------------|---|
| Portfolio | AA | 7.80 | Portfolio Sustainability Fund |
| Benchmark | AA | 7.41 | 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 | 5.3% | 5.2% | 4.7% | 7.0% | 6.5% |

*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 | 75.7% |
| % of companies committed to Net Zero | 64.9% |
| % of companies committed to Carbon Neutral | 5.4% |
| % of companies with no commitment to either | 29.7% |

CLIMATE CHANGE RISK BY PORTFOLIO HOLDINGS

| | |
|--|--------|
| % of holding companies reporting Scope 1 emissions | 97.22% |
| % of holding companies reporting Scope 2 emissions | 97.22% |
| % of holding companies reporting Scope 3 emissions | 72.22% |

STEWARDSHIP

This month the Aotearoa New Zealand Stewardship Code hosted Mark Babington from the UK Financial Reporting Council. The UK Stewardship Code is world leading and was leaned on heavily in the formation of the Aotearoa New Zealand Stewardship Code. Mark gave an overview of how stewardship and reporting has evolved in the UK and how we may be able to accelerate stewardship in New Zealand based off their learnings. Being able to leverage off leading experts in stewardship will be important for the New Zealand market as we come to report against our own code.

At a company level we spoke with BHP regarding their efforts to increase female representation across their operations. BHP currently sits at 35.2% for female representation, which is below their internal targets. Thus far, BHP has made progress towards their gender goals through deliberate recruitment efforts while also making sure that their work conditions are appealing. BHP has implemented an initiative called the FutureFit Academy which has been focussed on training women and ensuring the company has roles available as they leave the program. In the context of labour shortages, ensuring that BHP is a desirable place to work is central to their operations.

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 | 0.68 | 0.97 | -0.29 |
| Credit* | 4.40 | 4.56 | -0.16 |
| Asset Backed Securities | 0.01 | 0.01 | 0.00 |
| Mortgage Backed | 1.52 | 0.74 | 0.79 |
| Commercial Mortgage | 0.09 | 0.03 | 0.06 |
| Other | 0.00 | 0.09 | -0.09 |
| Cash Offset | - | - | - |
| | 6.70 | 6.40 | 0.31 |

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 | -3.32 | 0.32 | -3.64 |
| AAA | 26.69 | 11.68 | 15.01 |
| AA | 43.43 | 42.20 | 1.23 |
| A | 11.46 | 31.21 | -19.75 |
| BBB | 14.36 | 14.30 | 0.05 |
| BB | 5.77 | 0.01 | 5.76 |
| B | 3.88 | - | 3.88 |
| Below B | 0.20 | - | 0.20 |
| Cash Offset | -2.85 | - | -2.85 |
| 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 31 October 2023

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 | 3.7% | 0.9% | 0.7% | 2.3% | -2.5% |
| Bloomberg Global Aggregate Index Hedged NZD | 3.3% | 0.7% | 0.6% | 2.1% | -2.2% |

| PERFORMANCE | 1 Mth | 3 Mth | 6 Mth | 1 Yr | Since Inception |
|--|-------|-------|-------|-------|-----------------|
| Devon Global Sustainability Fund | 4.7% | -0.8% | 3.9% | 10.0% | 5.6% |
| MSCI All Country World Index in NZD, 50% hedged to NZD | 5.3% | -0.4% | 6.4% | 11.9% | 3.9% |

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

KEY HOLDINGS*

VISA



*Key Holdings as at 31 October 2023

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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DEVON FUNDS.

www.devonfunds.co.nz



ARTESIAN GREEN AND SUSTAINABLE BOND FUND (NZD)

FUND OUTLINE

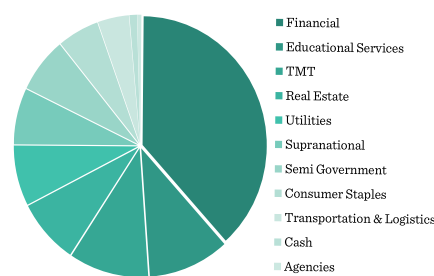
The **Artesian Green and Sustainable Bond Fund (NZD)** offers New Zealand-based investors a Portfolio Investment Entity (PIE) vehicle through which to invest in the Artesian Green and Sustainable Bond Fund (AUD).

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 (AUD) | 98.6% | Cash | 1.4% |
| Currency Hedge (100% to NZD) | 99.2% | Total | 100.0% |

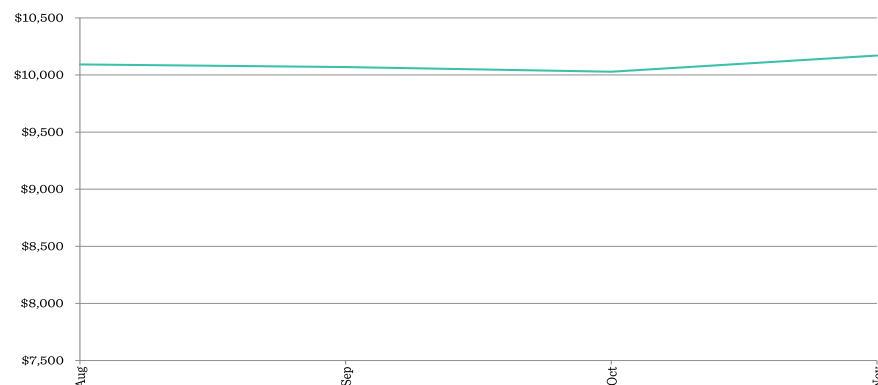
PERFORMANCE

| | 1 Mth | 3 Mth | Since Inception |
|---|-------|-------|-----------------|
| Artesian Green & Sustainable Bond Fund (NZD)* | 1.41% | 0.77% | 2.49% |
| Artesian Green & Sustainable Bond Fund PIR Return** | 1.41% | 0.80% | 2.51% |
| Bloomberg AusBond Composite 0-5 Yr Index 100% Hedged to NZD | 1.39% | 0.72% | 2.39% |

*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

It was risk on in November, as investors were spurred on by falling inflation in developed markets. Global bond yields retraced from their recent highs and credit spread indices had their best monthly performance year to date. The Fund remains fully invested and used this month's inflows to participate in new bond issues, such as Housing Australia's Sustainable Bond (previously known as National Housing Finance and Investment Corporation) and Contact Energy's Green Bond. The Fund's outperformance versus benchmark in November was driven by the overweight credit duration positioning. The Fund's running yield of 5.18% versus the benchmark of 4.41%, also positively contributes to the outperformance on a monthly basis. In November, the Fund's best performing positions were ANZ (Sustainable), CBA (Green), Australian Catholic University (Sustainable) and Macquarie University (Sustainable). Underperformance came from the Fund's positions in Transpower (Green), La Trobe University (Green) and Optus (SLB).

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.

