

Animal spirits

An interest piece written by Greg Smith, Head of Distribution at Devon Funds.

November was a very strong month for most equity markets. The US led the way again, with the Dow Jones hitting a new record high. The 30-stock index jumped 7.5% amid optimism over the economy, post the election result. The US indices were buoyant in general. The S&P500 also hit a record, soaring 5.9% over the month, while the Nasdaq rose 5%, and has also hit a fresh record high over the past week. Smaller cap companies did even better with the Russell 2000 surging nearly 11%. Amongst the large caps, Tesla was a standout, soaring over 40% with the EV maker seen as a beneficiary around Musk's relationship with Trump.

A strong November bodes well for the next year if history is any guide. Going back to 1950, after registering a 5% gain or more in November, the S&P 500 has gone on to finish higher over the next 12 months 77% of the time, with an average of 12.8% over the period.

Inspired by another RBNZ rate cut, the Kiwi market also enjoyed a strong performance, with a gain of 3.4%. The Australian market was also robust, with the ASX200 soaring 3.8% to a new record high. Soft inflation and GDP prints have raised hopes of the RBA bringing forward the timeline for rate cuts, while Australia is also seen as a potential beneficiary of some of Donald Trump's policies. Technology and financials both performed strongly.

Geopolitical events (the ongoing war in Ukraine and an escalation in the Middle East) were largely set to one side by markets. Optimism is in the air around the economy, with investors buying into the... [READ MORE](#)

MARKET INDICES

Index	Region	Monthly Return	1 Yr. Return
S&P/NZX50G	NZ	3.4%	15.3%
S&P/ASX200G	AUSTRALIA	3.8%	23.4%
MSCI World Index	GLOBAL	4.6%	28.4%
S&P500	USA	5.9%	33.9%
FTSE100	UK	2.6%	15.4%
NIKKEI 225	JP	-2.2%	16.2%
NZ 90 Day Bank Bill	NZ	0.4%	5.7%
Bloomberg Global Aggregate Index (NZD)	GLOBAL	1.2%	7.2%

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AT A GLANCE

Prices as at 30 November 2024

DEVON ALPHA FUND	\$2.4485
DEVON AUSTRALIAN FUND	\$1.8877
DEVON DIVERSIFIED INCOME FUND	\$1.4798
DEVON DIVIDEND YIELD FUND	\$1.8775
DEVON GLOBAL IMPACT BOND FUND	\$1.3698
DEVON GLOBAL SUSTAINABILITY FUND	\$2.0735
DEVON TRANS-TASMAN FUND	\$5.0637
DEVON SUSTAINABILITY FUND	\$3.4850
ARTESIAN GREEN & SUSTAINABLE BOND FUND	\$1.0404

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DEVON ALPHA FUND

FUND OUTLINE

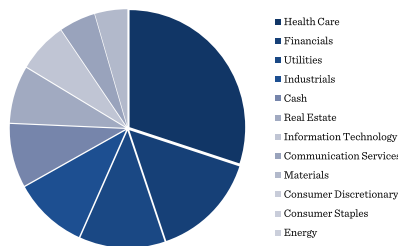
The **Alpha Fund** invests in a concentrated portfolio of approximately 10 to 15 select companies predominantly listed on the NZ and Australian share markets.

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

Table with 2 columns: Allocation Category and Percentage. Rows include New Zealand Equities (37.3%), Australian Equities (53.9%), Currency Hedge (100.6%), Cash (8.8%), and Total (100.0%).

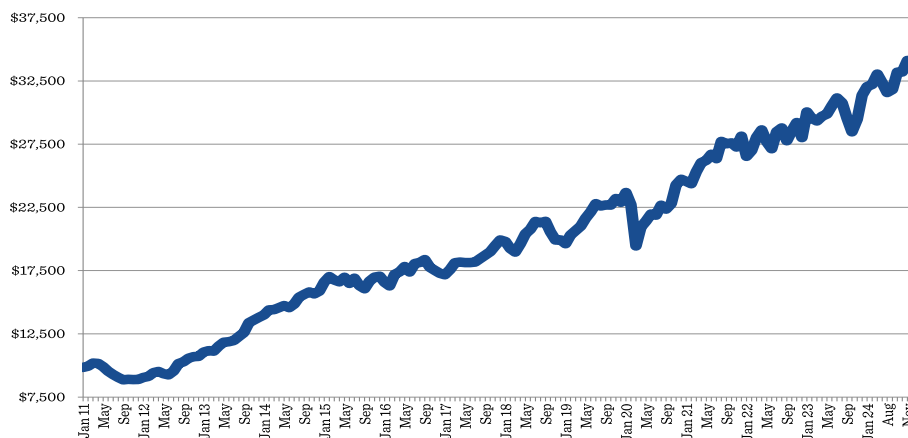
PERFORMANCE

Table with 7 columns: Period (1 Mth, 3 Mth, 1 Yr, 3 Yr p.a, 5 Yr p.a, 10 Yr p.a) and 2 rows: Devon Alpha Fund and OCR + 5%.

*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 a solid return for our investors in November. There were a number of strong contributors including ResMed which rallied 4.2% and Seek which closed up 4.7%. Another important investment for us was James Hardie, whose shares jumped by 15.0%. This occurred after the company delivered a second-quarter result which confirmed effective cost control and a solid performance from their operations across the Asia Pacific in particular. Management also reiterated their FY25 guidance, albeit at the bottom-end of the range. This was encouraging for investors though, as concerns were building around the operating challenges being faced as a consequence of the economic cycle. We continue to own shares in this business as we have confidence in management and the company's earnings leverage to an expected recovery in US Repair and Remodelling activity. The most significant drag to our results last month came from our exposure to CSL which fell 1.7%.

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

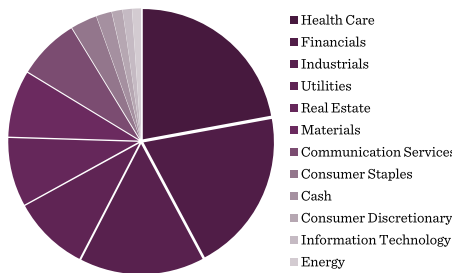
The **Trans-Tasman Fund** provides a broad and actively managed exposure to the New Zealand and Australian equity markets.

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	47.9%	Cash	5.7%
Australian Equities	46.4%	Total	100.0%

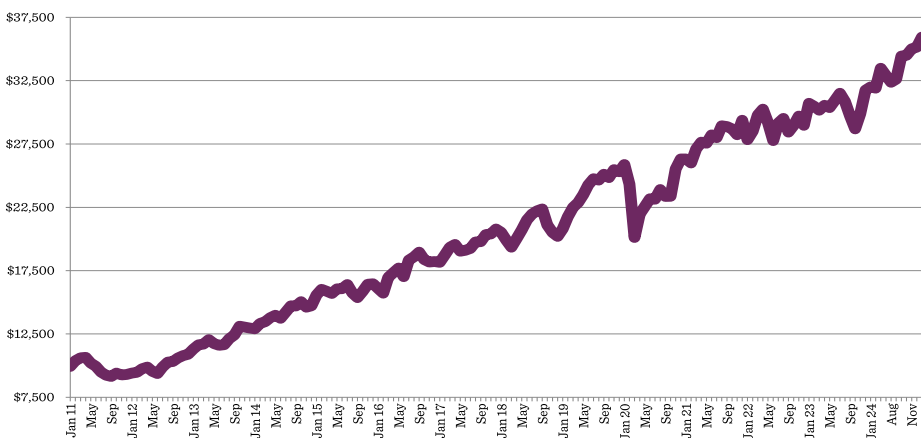
PERFORMANCE

	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	10 Yr p.a
Devon Trans-Tasman Fund	2.2%	4.1%	20.3%	8.3%	7.1%	9.1%
50:50 NZX50 Gross & ASX200 Index Unhedged	3.6%	6.0%	20.9%	6.2%	6.1%	9.2%

*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 strategy generated a positive absolute return during the month although we did underperform our benchmark. Performance outcomes across the ASX were mixed with mining companies generally weaker on subdued sentiment toward China. Also, several other companies that we either do not own or are underweight performed strongly, including CBA, Fisher & Paykel Healthcare, Gentrack and Pro Medicus. We have concerns over the valuations of these stocks, which explains our portfolio positioning here. Amongst our best contributors were Suncorp Group (+9.9%), Telix (+18.2%) and Seek (+4.7%).

Suncorp Group (SUN) continued to perform strongly against the backdrop of very benign weather experience across Australia and New Zealand. At their Investor Day during the month SUN reaffirmed their FY25 margin guidance and revealed a return-on-equity target of 23%-25%. SUN continues to expect A\$4.1bn from their bank sale, and this should be returned to shareholders in 2025.

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

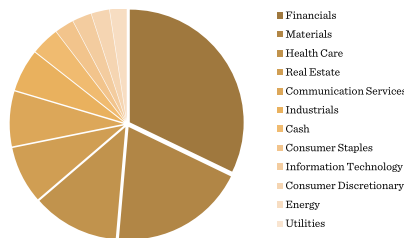
The Australian Fund invests in a select portfolio of companies, which are primarily Australian listed companies.

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

Table with 2 columns: Asset Category and Percentage. Rows include New Zealand Equities (0.0%), Australian Equities (96.0%), Cash (4.0%), and Total (100.0%).

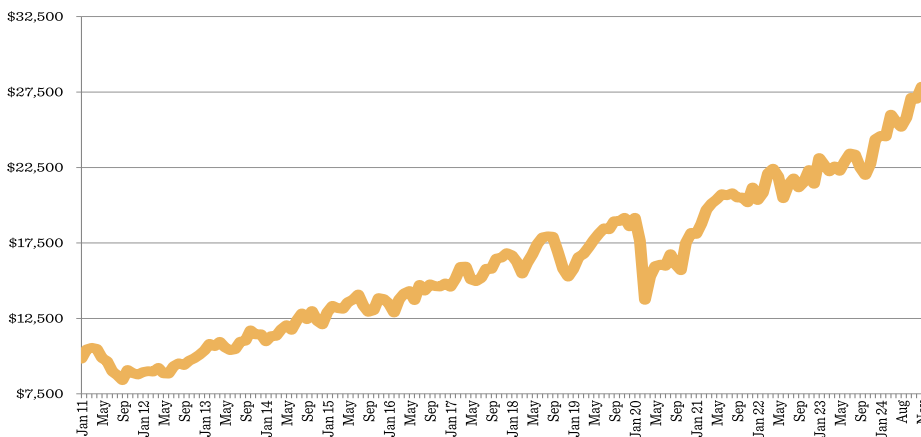
PERFORMANCE

Table with 7 columns: Metric, 1 Mth, 3 Mth, 1 Yr, 3 Yr p.a, 5 Yr p.a, 10 Yr p.a. 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 generated positive returns during the month, alongside a positive outcome for its ASX200 benchmark. Within our portfolio there were a number of stocks which warrant a mention including Block which rallied 23.8%, and James Hardie which finished up 15.0%. Also making an important contribution was QBE, closing November up 16.2%. QBE is an underwriter of general insurance risk with operations around the world and they recently provided a third-quarter trading update to the market. This was well received by investors with the company reconfirming their full-year outlook. This guidance is built around an expectation that their Gross Written Premiums will grow in total by 3% and their margins (combined operating ratio) will be achieved at close to 93.5%. This demonstrates that QBE is continuing to execute well in growing their business whilst effectively managing their claims experiences and servicing costs. We continue to own this business in the portfolio.

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

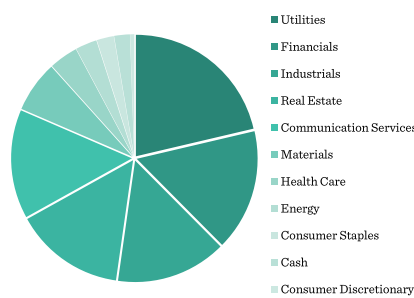
The **Devon Dividend Yield Fund** invests in a carefully selected portfolio of New Zealand and Australian listed companies.

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

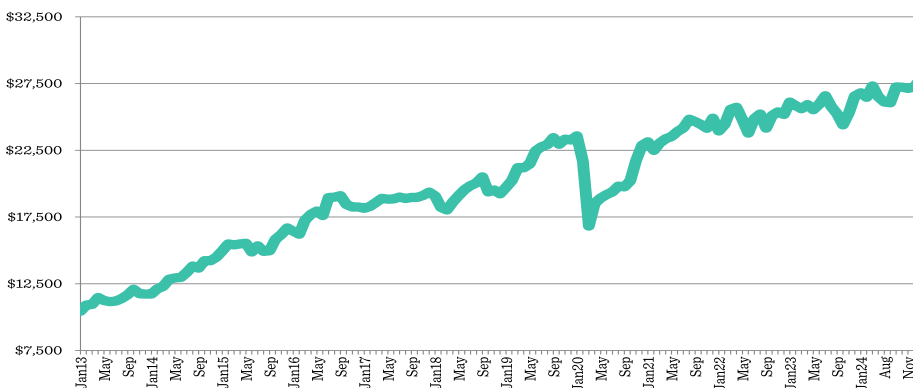
New Zealand Equities	66.8%	Cash	2.1%
Australian Equities	31.1%	Total	100.0%
Currency Hedge	97.1%	Yield	5.8%

PERFORMANCE	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	Since Inception
Devon Dividend Yield Fund	2.0%	2.0%	9.8%	4.8%	3.6%	9.0%
50:50 NZX50 & ASX200 Index Gross	3.6%	5.2%	19.4%	5.2%	5.6%	10.4%

*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 2013



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

The Dividend Yield strategy offers investors a forecasted gross distribution for the year ahead of 5.8%. The portfolio's dividend stream is also expected to grow by 3.4% annually over the next three years, versus the RBNZ's CPI forecast of 2.2% over the same period. Top performers during November were Suncorp (+9.9%), NZX (+9.6%), and Westpac (+7.6%). Meanwhile, key detractors were BHP (-4.9%), Precinct Properties (-3.0%), and Santos (-2.5%). Napier Port rallied +7.0% during the month due to a strong FY24 result, which saw free cash flow climb 82% year-on-year. The company is well placed for sustained growth as price increases continue to be passed through to consumers and volumes recover off Cyclone Gabrielle lows. We continue to see upside, as our forecasts suggest that dividends can grow by 50% over the next two years, the balance sheet leverage is at the bottom of their target range, and it currently trades on only 20 times earnings.

PORTFOLIO MANAGER

Patrick Washer



Patrick has primary responsibility for stock selection and portfolio construction for the Dividend Yield Fund. Patrick also holds research responsibilities for the property, aged care and transport sectors.

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DEVON DIVERSIFIED INCOME FUND

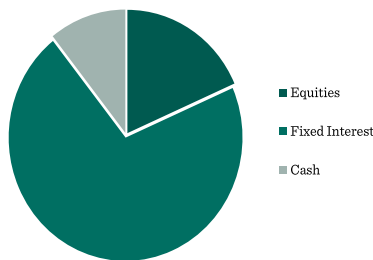
FUND OUTLINE

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	17.0%	Bonds	65.3%
Australian Equities	7.9%	Cash	9.8%

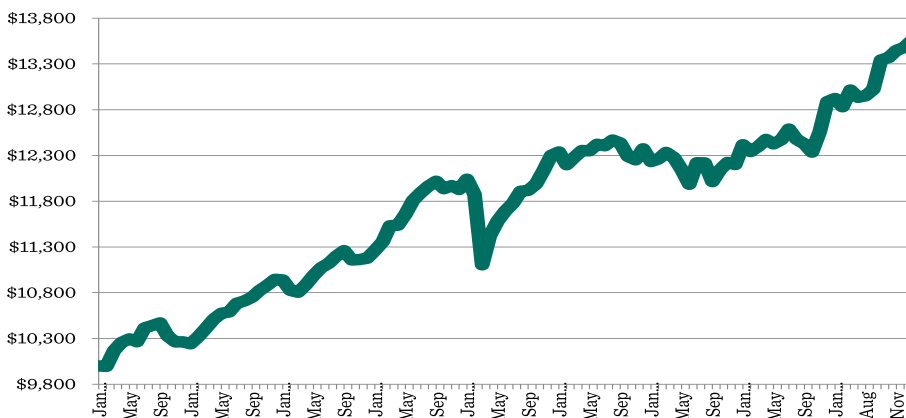
PERFORMANCE

	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	Since Inception
Devon Diversified Income Fund	0.6%	1.4%	8.0%	3.4%	2.5%	3.6%
OCR + 1.5%	0.5%	1.6%	7.1%	5.8%	4.2%	2.9%

*Devon Diversified Income 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 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 markets were reasonably volatile during the month albeit they finished broadly unchanged. The interest rate on US 10-year Treasuries began November at 4.28% and closed at 4.22% (with an intra-month high of 4.48%). The most significant influence on rates was the outcome of the US election. After the Republicans succeeded in their bid for the presidency, the Senate and the House of Representatives, investors considered the implications on inflation from proposed changes to taxes and tariffs next year. Although many of the headline changes will likely be moderated, the implications of these policy initiatives will be of relevance to the US Federal Reserve. During November the Fed cut rates by 0.25%, whilst in New Zealand the RBNZ cut our OCR by 0.50%. The RBNZ won't meet again until February next year, providing them with time to determine the impact of this policy support.

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 SUSTAINABILITY FUND

FUND OUTLINE

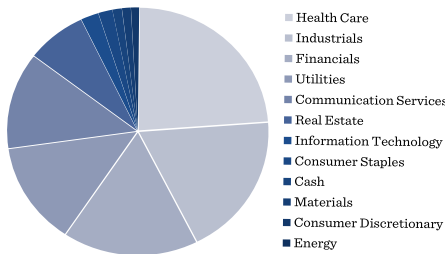
The **Devon Sustainability Fund** invests in a select portfolio of well researched New Zealand and Australian listed companies.

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	58.6%	Cash	1.2%
Australian Equities	40.2%	Total	100.0%

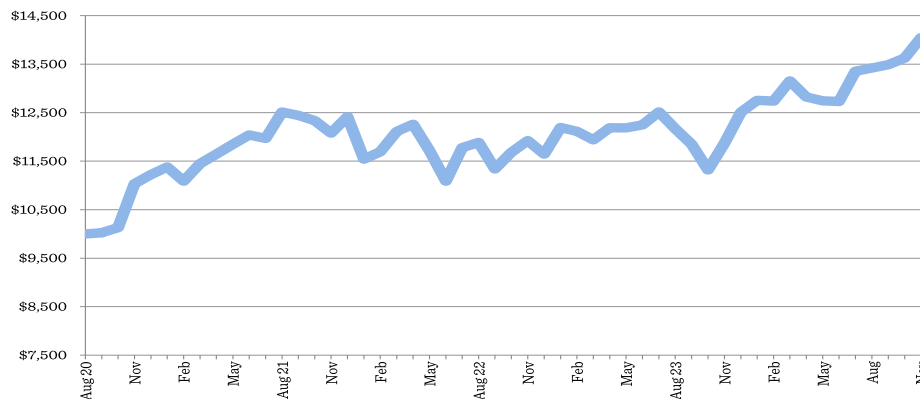
PERFORMANCE

	1 Mth	3 Mth	1 Yr p.a	3 Yr p.a	Since Inception
Devon Sustainability Fund	3.1%	4.6%	18.3%	5.1%	8.3%
50:50 NZX50 Portfolio Index & ASX200 Index	3.3%	5.1%	18.1%	4.8%	8.0%

*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-fundor> by clicking [HERE](#)

COMMENTARY

The Sustainability Fund delivered a positive return in November, with contributions coming from our investments in Telix Pharmaceuticals (+18.2%), Xero (+16.3%) and CAR Group (+9.9%), whilst Freightways (-1.8%) and CSL (-1.7%) were amongst the underperformers. CSL's share price was a little weaker due to investor fears over the appointment of vaccine sceptic Robert F. Kennedy Jr to the position of US Health Secretary.

Contact Energy (+4.8%) also performed strongly over the month. The company reported solid operating statistics for October which showed the company is on track to meet its full-year earnings guidance. The company also confirmed its Wairakei development, Te Mihi Stage 2 (101MW), with the plant expected to be online by Q3 2027. Management remains confident in the completion of its merger with Manawa Energy and expects a decision from the Commerce Commission by the end of the year. We view Manawa's hydro assets as complementary to Contact Energy's hydro scheme as it increases the geographic diversification of their portfolio.

PORTFOLIO MANAGER

Ben Jenkin



Ben has primary responsibility for stock selection and portfolio construction for the Sustainability Fund. Ben also holds research responsibility for the telco, media and technology sectors, as well as a wide ranging number of industrial companies.

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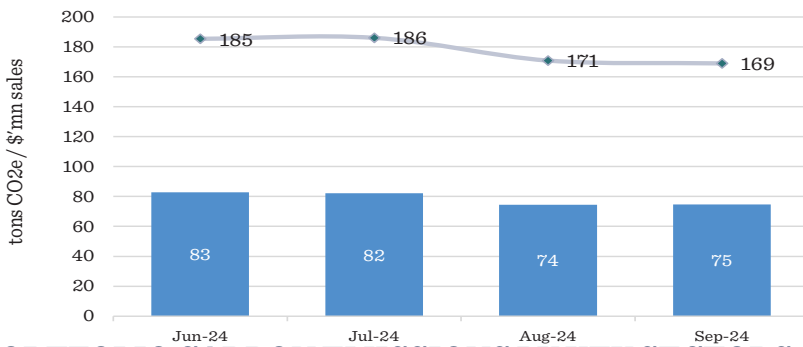
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DEVON SUSTAINABILITY FUND

CARBON INTENSITY - PORTFOLIO VS BENCHMARK

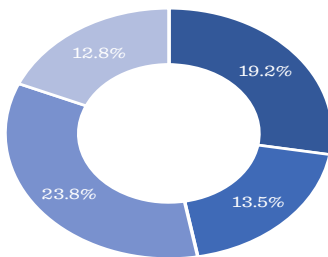
Carbon Intensity - Portfolio vs Benchmark



PORTFOLIO CARBON EMISSIONS BY KEY SECTORS

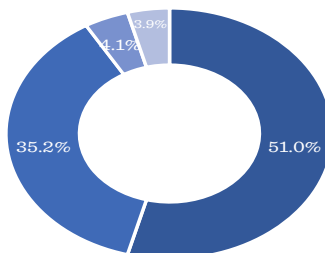
Portfolio Carbon Emissions by Key Sectors

Portfolio value by sector



- Industrials
- Utilities
- Health Care
- Communication Services

Portfolio carbon emission by sector



- Industrials
- Utilities
- Health Care
- Communication Services

The industrials, utilities, and communication sectors make up 45.5% of the portfolio by value, but they account for 90.1% of the carbon emissions in the portfolio.

ESG PORTFOLIO SUMMARY

	MSCI ESG Ratings	MSCI ESG Quality score	Portfolio
Portfolio	AA	7.74	Sustainability Fund
Benchmark	AA	7.39	Primary Benchmark: 50:50 composite S&P/NZX50 Portfolio Index & S&P/ASX200G Ind

PERFORMANCE

	1 Mth	3 Mth	6 Mth	1 Yr	Since Inception
ESG relative performance	4.7%	4.7%	5.7%	4.1%	6.0%

*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	95.0%
% of companies committed to Net Zero	72.5%
% of companies committed to Carbon Neutral	10.0%
% of companies with no commitment to either	17.5%

STEWARDSHIP

November was a busy month for proxy voting as many companies across Australia and New Zealand held their AGM's. At Devon we cast our proxy votes for the Worley (WOR.ASX) AGM. Worley is an engineering and professional services company and whilst it has traditionally provided services to the oil and gas industry, there is an increasing opportunity for Worley to leverage its experience to help solve the challenges in transitioning to more sustainable lower-carbon technologies. At their AGM we chose to vote against various motions put forward, including the remuneration report. This was on the basis that there was a misalignment between CEO pay, company performance, and outcomes for shareholders. We had concerns around the disclosure of STI targets, and the value of bonuses being excessive relative to peers.

PORTFOLIO MANAGER

Ben Jenkin



Ben has primary responsibility for stock selection and portfolio construction for the Sustainability Fund. Ben also holds research responsibility for the telco, media and technology sectors, as well as a wide ranging number of industrial companies.

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DEVON GLOBAL IMPACT BOND FUND

DURATION

Contribution to Duration (Years)			
Sector	Account	Benchmark	Difference
Cash & Cash Equivalents	-0.00	0.00	-0.00
US Government	0.70	1.08	-0.37
Credit*	4.40	4.67	-0.27
Asset Backed Securities	0.05	0.01	0.04
Mortgage Backed	0.94	0.62	0.32
Commercial Mortgage	0.05	0.03	0.02
Other	0.02	0.09	-0.07
Cash Offset	-	-	-
	6.16	6.49	-0.34

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

Percent of Market Value			
Quality	Account	Benchmark	Difference
Cash	1.98	0.39	1.58
AAA	30.27	11.56	18.71
AA	38.55	43.07	-4.52
A	8.96	30.67	-21.71
BBB	12.78	14.04	-1.26
BB	5.69	0.00	5.68
B	2.38	-	2.38
Below B	0.13	-	0.13
Cash Offset	-1.34	-	-1.34
Not Rated	0.61	0.26	0.35
	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 30 November 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	1 Yr	2 Yr p.a	Since Inception
Devon Global Impact Bond Fund	1.1%	0.5%	7.8%	5.0%	1.2%
Bloomberg Global Aggregate Index Hedged NZD	1.2%	0.8%	7.2%	4.6%	1.2%
PERFORMANCE	1 Mth	3 Mth	1 Yr	2 Yr p.a	Since Inception
Devon Global Sustainability Fund	4.1%	5.6%	26.8%	18.1%	12.8%
MSCI All Country World Index in NZD, 50% hedged to NZD	4.2%	7.3%	29.5%	20.4%	12.8%

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

KEY HOLDINGS*



*Key Holdings as at 30 November 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

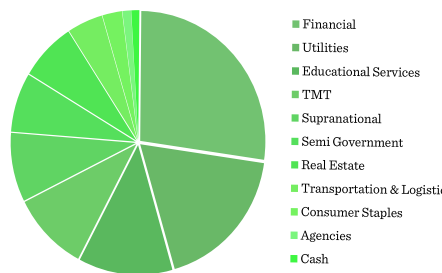
The **Artesian Green and Sustainable Bond Fund (NZD)** offers New Zealand-based investors a Portfolio Investment Entity (PIE) vehicle through which to invest in the Artesian Green and Sustainable Bond Fund (AUD).

Through this structure, the Fund will invest in a diversified portfolio of liquid, predominately investment grade fixed and floating rate green and sustainable 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)	98.6%	Cash	1.4%
Currency Hedge (100% to NZD)	99.3%	Total	100.0%

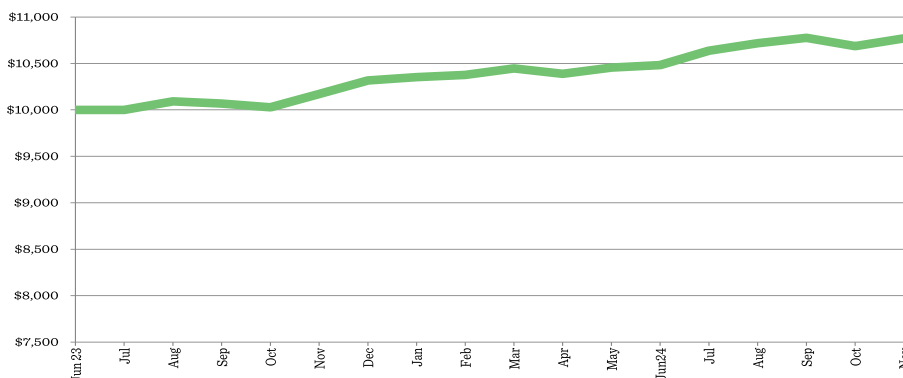
PERFORMANCE

	1 Mth	3 Mth	1 Yr	Since Inception
Artesian Green & Sustainable Bond Fund (NZD)*	0.78%	0.48%	5.90%	5.81%
Artesian Green & Sustainable Bond Fund PIR Return (NZD)**	0.78%	0.59%	6.40%	6.17%
Bloomberg AusBond Composite 0-5 Yr Index 100% Hedged to NZD	0.60%	0.36%	5.66%	5.58%

*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](#)

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COMMENTARY

The Fund's outperformance versus benchmark in November was driven by the overweight credit duration positioning (credit spreads were lower/tighter) and overweight interest rate duration positioning (interest were lower/tighter). The Fund's running yield of 4.79% versus the benchmark's 4.26%, also contributed positively to the monthly performance versus benchmark. Outperformance in November came from the Fund's positions in EnBW (Green), Mercury (Green), Optus (SLB), Contact Energy (Green) and SA Power Networks (Green). Underperformance came from the Fund's floating rate note financial positions, namely ANZ (Sustainable), Bank Australia (Sustainable), CBA (Green) and OCBC (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.

