

DEVON FUNDS.

For the informed investor.

MONTHLY REPORT: OCTOBER 2022

Seeing both sides

Why the recent pivot by a major central bank and results thus far from US the earnings season have provided reasons for investors to be optimistic, despite elevated levels of inflation.

By Greg Smith, Head of Retail at Devon Funds.

Needless to say, inflation was front and centre for financial markets once again over the course of October. The quarterly inflation print in NZ delivered a shock on the upside, coming in at 7.2%. This was faintly down on the 7.3% in the June quarter, and while expectations were divergent, almost all expected a '6' out front as opposed to a '7'. The market wasn't exactly at "sixes and sevens" over the release - on the day, the NZX50 underperformed many other global indices due to the much hotter than expected inflation print.

In the end, helped by a strong finish, October wound up being a solid month for the NZ market, with the key benchmark rising 2.5%.....[READ MORE](#)

We value your support



In a volatile year, Devon Funds has delivered strong performance outcomes for our investors. We've also worked hard to deliver up-to-date information to our investors on a regular basis. If you like what you are seeing from us, please take a minute to click here and vote for Devon Funds as your choice for the 'Fund Manager of the Year' in the Equities category.

Voting is now open
<https://research-ip.com/awards>



MARKET INDICES

Index	Region	Monthly Return	1 Yr. Return
S&P/NZX50G	NZ	2.5%	-13.4%
S&P/ASX200G	AUSTRALIA	6.0%	-2.0%
MSCI World Index	GLOBAL	7.8%	-17.7%
S&P500	USA	8.9%	-14.0%
FTSE100	UK	3.0%	1.7%
NIKKEI 225	JP	6.4%	-2.4%
NZ 90 Day Bank Bill	NZ	0.3%	1.7%
Bloomberg Global Aggregate Index (NZD)	GLOBAL	-0.3%	-12.4%

AT A GLANCE

Prices as at 31 OCTOBER 2022

DEVON ALPHA FUND	\$2.1170
DEVON AUSTRALIAN FUND	\$1.5443
DEVON DIVERSIFIED INCOME FUND	\$1.4318
DEVON DIVIDEND YIELD FUND	\$1.8808
DEVON GLOBAL IMPACT BOND FUND	\$1.3549
DEVON GLOBAL SUSTAINABILITY FUND	\$1.4114
DEVON TRANS-TASMAN FUND	\$4.4165
DEVON SUSTAINABILITY FUND	\$3.1368

IN THIS REPORT

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

Devon Funds Management Limited

Level 17, HSBC Tower, 188 Quay Street, Auckland 1010
PO Box 105 609, Auckland 1143
Telephone: 0800 944 049 (free call) or +649 925 3990
enquiries@devonfunds.co.nz

Devon Funds Management Limited, its directors, employees and agents believe that the information herein is correct at the time of compilation; however they do not warrant the accuracy of that information. Save for any statutory liability which cannot be excluded, Devon Funds Management Limited further disclaims all responsibility or liability for any loss or damage which may be suffered by any person relying upon such information or any opinions, conclusions or recommendations herein whether that loss or damage is caused by any fault or negligence on the part of Devon Funds Management Limited, or otherwise. This disclaimer extends to any entity which may distribute this publication and in which Devon Funds Management Limited or its related companies have an interest. We do not disclaim liability under the Fair Trading Act 1986, nor the Consumer Guarantees Act 1993, to the extent these Acts apply. This document is issued by Devon Funds Management Limited. It is not intended to be an offer of units in any of the Devon Funds (the 'Funds'). Anyone wishing to apply for units will need to complete the application form attached to the current Product Disclosure Statement (PDS) which is available at www.devonfunds.co.nz. Devon Funds Management Limited, a related company of Investment Services Group Limited, manages the Funds and will receive management fees as set out in the PDS. This document contains general securities advice only. In preparing this document, Devon Funds Management Limited did not take into account the investment objectives, financial situation and particular needs ('financial circumstances') of any particular person. Accordingly, before acting on any advice contained in this document, you should assess whether the advice is appropriate in light of your own financial circumstances or contact your financial adviser. Devon advises that all investors should seek independent financial advice prior to making any investment decisions. Past performance is not indicative of future results and no representation or warranty, express or implied, is made regarding future performance. No part of this document may be reproduced without the permission of Investment Services Group.

DEVON FUNDS.

www.devonfunds.co.nz



DEVON ALPHA FUND

FUND OUTLINE

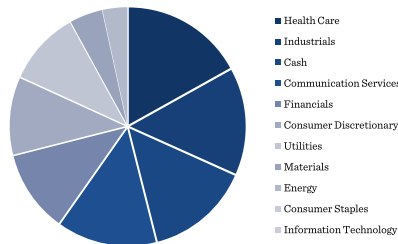
The **Alpha Fund** invests in a concentrated portfolio of approximately 10 to 15 select companies predominantly listed on the NZ and Australian share markets.

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

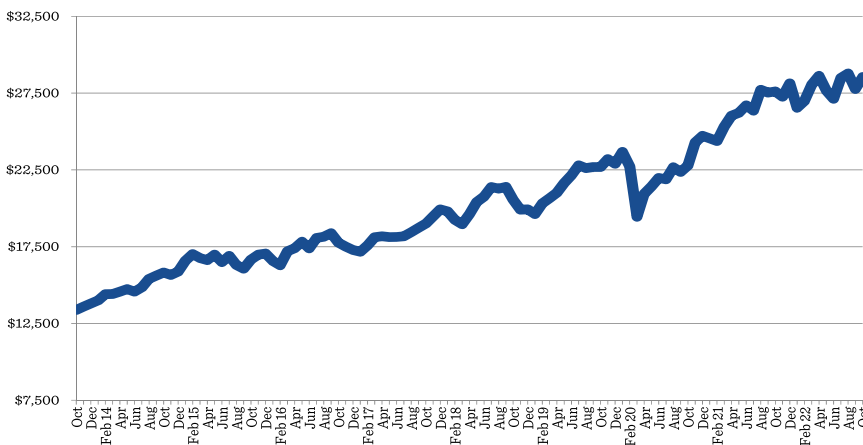
New Zealand Equities	22.1%	Cash	14.4%
Australian Equities	63.5%	Total	100.0%
Currency Hedge	51.0%		

	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	Since Inception
Devon Alpha Fund	2.8%	0.2%	3.4%	8.0%	8.5%	9.2%
OCR + 5%	0.7%	1.6%	2.5%	1.1%	1.3%	2.0%

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 performed well during the month and there were a number of strong contributors. Included amongst these were Seek which rallied 12.6% and Aristocrat Leisure which also finished up by 12.6%. Our best performer though was Qantas Airways which jumped 16.3%. Historically we have been very cautious owning airlines, given some of the capacity challenges that have been evident within the sector, but recently we identified a positive shift in the value drivers of Qantas.

At the conclusion of Covid restrictions, demand for air travel has been supportive with domestic revenue for both business and leisure flights in Australia currently in excess of pre-pandemic levels. This together with evidence of strong pricing power resulted in the company providing updated earnings guidance, which was materially ahead of consensus expectations. Qantas is now forecasting record underlying profit-before-tax in the first-half of 2023 of between A\$1.2bn-A\$1.3bn. This result will also see their net debt fall substantially.

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 AUSTRALIAN FUND

FUND OUTLINE

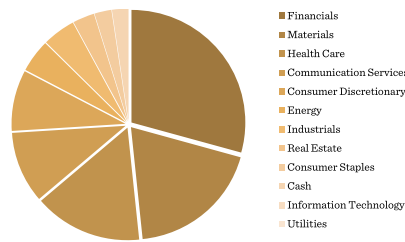
The **Australian Fund** invests in a select portfolio of companies, which are primarily Australian listed companies.

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

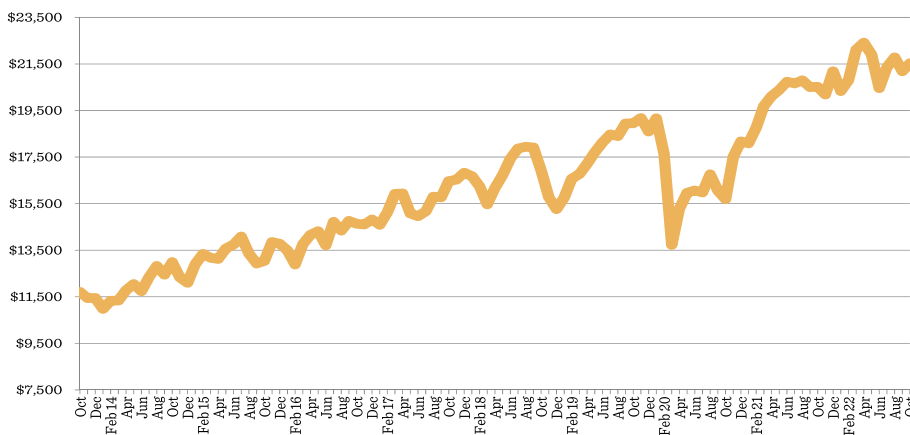
New Zealand Equities	0.0%	Cash	2.3%
Australian Equities	97.7%	Total	100.0%

PERFORMANCE	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	Since Inception
Devon Australian Fund	1.6%	0.8%	4.9%	4.3%	5.5%	7.4%
ASX200 Index Gross (NZD)	2.7%	-0.4%	2.8%	5.7%	6.8%	6.9%

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 generated a solid absolute return during the month although we did underperform our benchmark. Performance outcomes across the ASX were mixed with the Financial sector particularly strong whilst the Mining sector struggled, especially across those exposed to iron ore.

Amongst our best contributors were Suncorp Group and Nine Entertainment which finished the month up 13.8% and 10.5% respectively, although Macquarie Group is also worth highlighting. Their shares rallied 11.0% as investor confidence was supported by a strong first-half result, which saw management report an after-tax profit of A\$2.3bn. This was ahead of expectations with their Banking and Financial Services, and Commodities and Global Markets divisions of particular note. Expense management was effective across the Group and their surplus capital position improved to A\$12.2bn. Encouragingly the company also announced an interim dividend of A\$3/share, which was higher than investors had anticipated.

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 Funds Management Limited

Level 17, HSBC Tower, 188 Quay Street, Auckland 1010
PO Box 105 609, Auckland 1143
Telephone: 0800 944 049 (free call) or +649 925 3990
enquiries@devonfunds.co.nz

DEVON FUNDS.

www.devonfunds.co.nz



DEVON DIVERSIFIED INCOME FUND

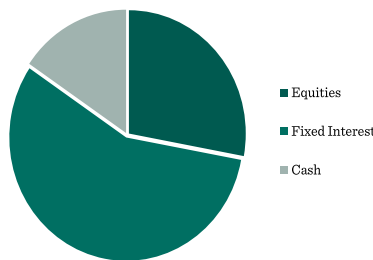
FUND OUTLINE

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	17.6%	Bonds	56.6%
Australian Equities	9.7%	Cash	16.1%

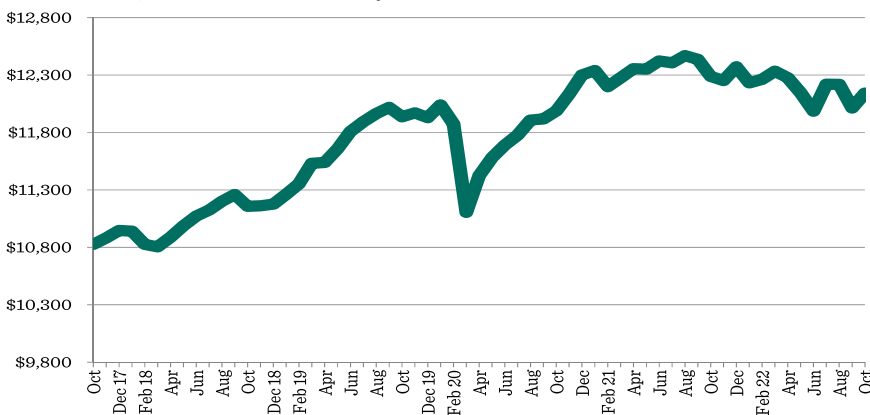
PERFORMANCE

	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	Since Inception
Devon Diversified Income Fund	1.1%	-0.6%	-1.2%	0.6%	2.3%	3.0%
OCR + 1.5%	0.4%	1.2%	3.2%	2.4%	2.7%	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 pushed materially higher during October with the rate on US 10-year Treasuries closing at 4.04% (they closed for September at 3.71%). Despite economic growth slowing across the world, inflation pressures remain the primary concern for investors and central bankers alike. September US consumer prices were reported as having increased by 8.2% from a year earlier. This was down from 8.3% in August but was higher than expected. The Federal Reserve are due to meet in early November and expectations are that they will lift rates by 0.75%, for the fourth consecutive time.

In New Zealand, the RBNZ lifted the Official Cash Rate by 0.5%. This was the fifth consecutive hike of this size and it appears from the commentary, that our central bank is more concerned about global inflation than the RBA, who moved by only 0.25% at essentially the same time. Our view is that inflation pressures will ease over the coming quarters.

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 Funds Management Limited

Level 17, HSBC Tower, 188 Quay Street, Auckland 1010
 PO Box 105 609, Auckland 1143
 Telephone: 0800 944 049 (free call) or +649 925 3990
enquiries@devonfunds.co.nz

DEVON FUNDS.

www.devonfunds.co.nz



DEVON DIVIDEND YIELD FUND

FUND OUTLINE

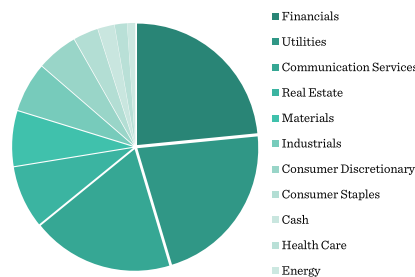
The **Devon Dividend Yield Fund** invests in a carefully selected portfolio of New Zealand and Australian listed companies.

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

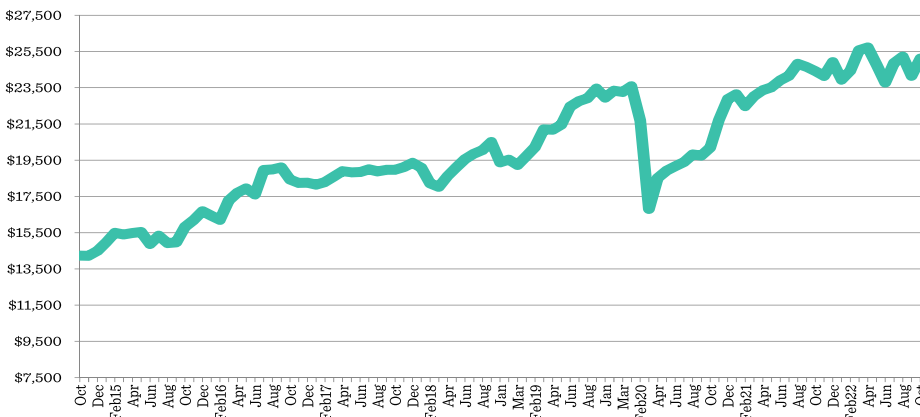
New Zealand Equities	62.9%	Cash	2.2%
Australian Equities	34.9%	Total	100.0%
Currency Hedge	96.0%	Yield	6.5%

PERFORMANCE	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	Since Inception
Devon Dividend Yield Fund	3.9%	0.9%	2.8%	3.1%	5.8%	9.9%
50:50 NZX50 & ASX200 Index Gross	4.3%	-0.3%	-7.7%	3.2%	7.0%	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 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

Banking stocks continued to outperform Australasian markets during the month. Our overweight in the sector benefitted the portfolio with our investments in NAB, Macquarie Group and ANZ up 12.5%, 11.0% and 7.7% respectively.

Rising interest rates benefit banking margins, and this was evident from the recent ANZ result announcement which saw net interest margins exit the reporting season at 1.8%. Management expect this supportive environment to continue into next year. Whilst underlying costs were higher, cash profits continued to be boosted by lower than expected bad debt charges. The dividend remains robust at 74cps for the half supported by strong a strong Tier 1 capital ratio of 12.3%.

Another important contributor was Sky City Entertainment Group whose shares rallied 7.0% after management provided strong earnings guidance at their Annual Shareholder Meeting. Business profitability is currently tracking at approximately 10% above pre-Covid levels, with Auckland recovering well and Adelaide achieving record revenue numbers in the first-quarter.

PORTFOLIO MANAGER

Mark Brown



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



DEVON TRANS-TASMAN FUND

FUND OUTLINE

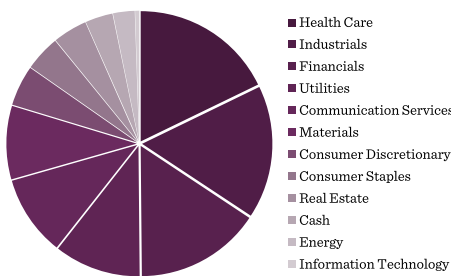
The **Trans-Tasman Fund** provides a broad and actively managed exposure to the New Zealand and Australian equity markets.

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	44.3%	Cash	3.4%
Australian Equities	52.3%	Total	100.0%

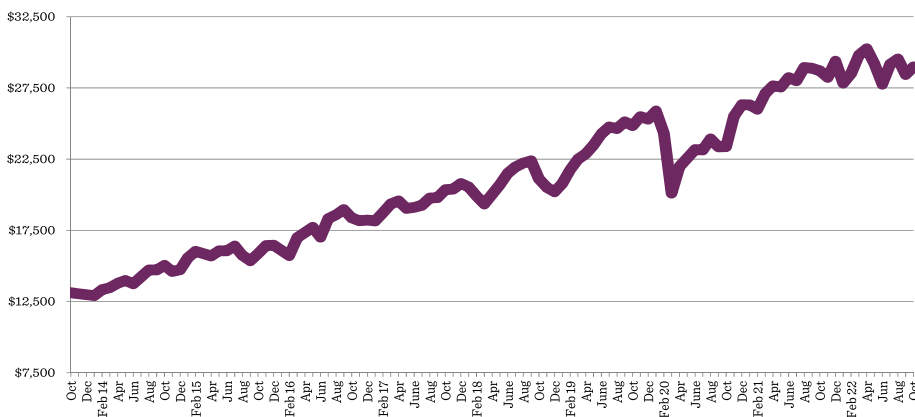
PERFORMANCE

	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	Incep- tion
Devon Trans-Tasman Fund	1.9%	-0.6%	0.8%	5.2%	7.3%	8.4%
50:50 NZX50 Gross & ASX200 Index Unhedged	2.6%	-0.9%	-5.3%	3.7%	6.8%	9.0%

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 Fund delivered a positive return of 1.9% this month, as markets recovered strongly, although we did underperform the underlying benchmark. The main positive contributors to the performance were Qantas (+16.3%), Suncorp (+13.8%), Seek (+12.6%) and Mineral Resources (+11.2%). Locally Fletcher Building was another investment of note, rallying 6.2%. Management recently confirmed their operating earnings guidance at \$855m for FY23. Although there is concern over the upcoming effects of rising mortgage rates in New Zealand, current construction activity remains robust.

In terms of portfolio changes we added to private hospital operator Ramsay Healthcare (RHC) during the month, after their share price fell following the decision by KKR to cease discussions with the company around a potential deal. There remain large patient backlogs in key geographies including Australia and activity levels are now recovering as COVID headwinds reduce. With substantial brownfield developments in recent years, this business is well placed to capitalise on any improvement in hospital demand.

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 co-responsibility for Devon's Trans-Tasman Funds. Tama is widely regarded as a leading expert on resource and mining stocks.

Devon Funds Management Limited

Level 17, HSBC Tower, 188 Quay Street, Auckland 1010
 PO Box 105 609, Auckland 1143
 Telephone: 0800 944 049 (free call) or +649 925 3990
 enquiries@devonfunds.co.nz



www.devonfunds.co.nz



DEVON SUSTAINABILITY FUND

FUND OUTLINE

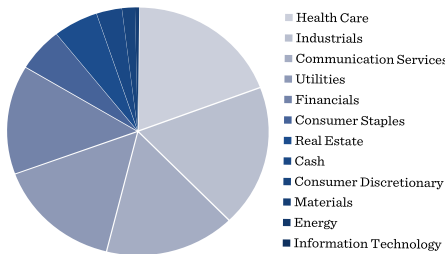
The **Devon Sustainability Fund** invests in a select portfolio of well researched New Zealand and Australian listed companies.

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	50.2%	Cash	3.2%
Australian Equities	46.6%	Total	100.0%

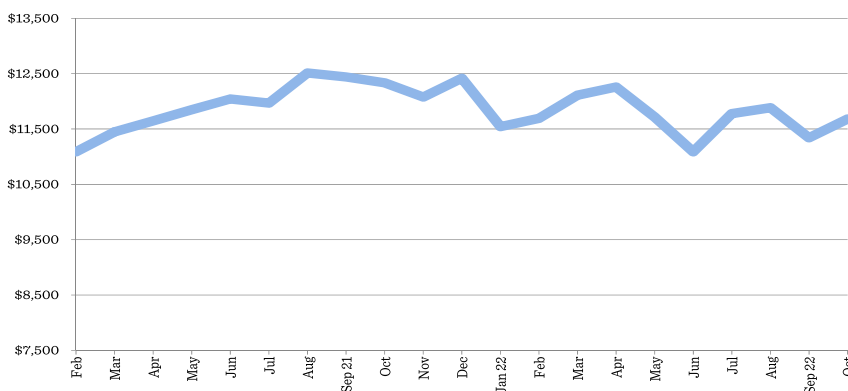
PERFORMANCE

	1 Mth	3 Mth	1 Yr p.a	2 Yr p.a	Since Inception
Devon Sustainability Fund	3.0%	-0.8%	-5.4%	7.3%	7.4%
50:50 NZX50 Portfolio Index & ASX200 Index	4.0%	-0.3%	-7.4%	6.1%	6.3%

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

During the month our top positive contributors included Sun-corp (+13.8%), NAB (+12.5%) and Seek (+12.6%). The detractors to performance this month included GQG Partners (-2.3%), Summerset (-10.2%) and Precinct Properties (-5.0%). Both the Australian and NZ markets were busy in October with AGM season.

Amongst this activity, Calix announced an equity raise to accelerate its patented cement and lime decarbonization technology. Calix's technology allows for the separation of CO2, allowing it to be used for carbon dioxide reduction in traditionally carbon dioxide intensive industries (e.g. lime and cement production) which leads to lower levels of CO2 in the atmosphere. This core technology has multiple applications across water treatment, crop protection, marine coatings, cathode and anode materials for batteries, and mineral and chemical processing. The funds raised will be used to commercialise cement and lime decarbonisation technology and construct a lithium salt demonstration processing plant with Pilbara Minerals.

PORTFOLIO MANAGER

Victoria Harris



Victoria has primary responsibility for stock selection and portfolio construction for the Australian and Sustainability funds.

Victoria has over 10 years' experience in the industry across a broad range of markets, including ESG.

Devon Funds Management Limited

Level 17, HSBC Tower, 188 Quay Street, Auckland 1010
PO Box 105 609, Auckland 1143
Telephone: 0800 944 049 (free call) or +649 925 3990
enquiries@devonfunds.co.nz

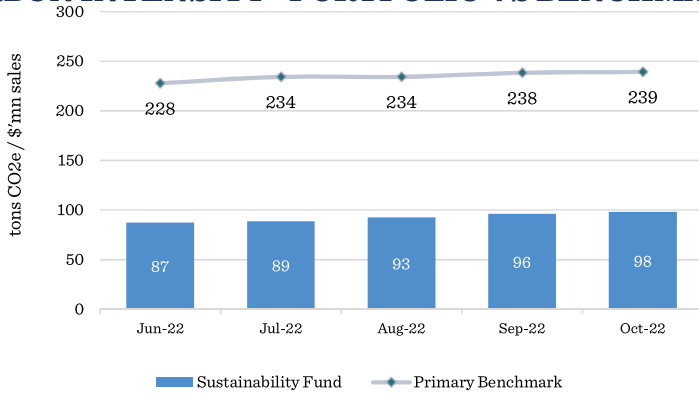
DEVON FUNDS.

www.devonfunds.co.nz

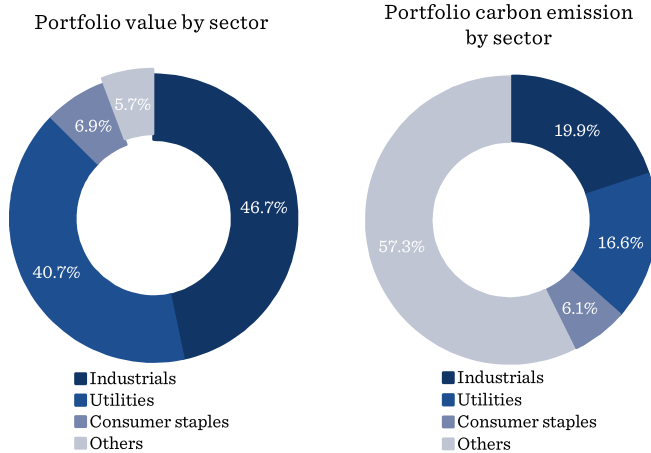


DEVON SUSTAINABILITY FUND

CARBON INTENSITY - PORTFOLIO VS BENCHMARK



PORTFOLIO CARBON EMISSIONS BY KEY SECTORS



The materials, utilities, and health care sectors make up 36.2% of the portfolio by value, but they account for 84.4% of the carbon emissions in the portfolio.

ESG PORTFOLIO SUMMARY

	MSCI ESG Ratings	MSCI ESG Quality score	
Portfolio	AAA	9.45	Portfolio Sustainability Fund
Benchmark	AA	8.30	Primary Benchmark 50:50 composite S&P/NZX50 Portfolio Index & S&P/ASX200G Index

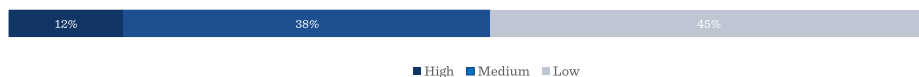
PERFORMANCE	1 Mth	3 Mth	6 Mth	1 Yr	Since Inception
ESG relative performance	13.9%	14.3%	18.3%	10.7%	5.7%

*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

% of holding companies doing ESG reporting	95.2%
% of companies reporting to TCFD standards	69.0%
% of companies with a modern slavery statement	69.0%
% of companies with carbon emission reduction targets	73.8%

CLIMATE CHANGE RISK BY PORTFOLIO HOLDINGS



STEWARDSHIP

Supermarkets have a critical role to play in driving positive impact outcomes given their place in the value chain and influence on consumers. During the month, Woolworths (WOW) and Coles (COL) held their respective AGMs and Metcash (MTS) held its Investor Day. This gave investors the opportunity to not only hear about recent trading but to discuss their sustainability strategies. All three companies have set net zero, as well as 2030 interim emissions targets. MTS is targeting net zero by 2040, COL by 2050 and WOW net carbon positive by 2050. While the direct contribution to emissions is relatively low, given their position in the value chain, the sector has a unique opportunity to influence decarbonisation across the entire food system. Reducing food and plastic waste are other critical areas of focus.

Overall, the Australian supermarkets compare favourably to offshore peers, particularly on food system innovation, animal welfare and supply chain worker management. Areas for further development are across health and nutrition initiatives, emissions reduction projects, waste management and biodiversity.

PORTFOLIO MANAGER

Victoria Harris



Victoria has primary responsibility for stock selection and portfolio construction for the Australian and Sustainability funds. Victoria has over 10

years' experience in the industry across a broad range of markets, including ESG.



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	0.47	1.04	-0.57
Credit*	5.33	4.67	0.66
Asset Backed Securities	0.01	0.01	-0.00
Mortgage Backed	1.22	0.76	0.45
Commercial Mortgage	0.10	0.04	0.07
Other	0.01	0.09	-0.08
Cash Offset	-	-	-
	7.13	6.60	0.53

CREDIT RATING

Quality	Percent of Market Value		
	Account	Benchmark	Difference
Cash	3.72	0.33	3.40
AAA	46.36	39.78	6.58
AA	13.24	14.71	-1.47
A	12.43	30.93	-18.50
BBB	14.94	13.94	1.00
BB	6.86	0.01	6.85
B	3.41	-	3.41
Below B	0.22	-	0.22
Cash Offset	-1.96	-	-1.96
Not Rated	0.79	0.30	0.49
	100.00	100.00	

*Duration & Credit Rating as at 30 September 2022

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.

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.

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
Devon Global Impact Bond Fund	-0.4%	-6.2%	-6.3%
Bloomberg Global Aggregate Index Hedged NZD	-0.3%	-6.4%	-5.6%

PERFORMANCE	1 Mth	3 Mth	6 Mth
Devon Global Sustainability Fund	4.3%	-5.0%	-4.0%
MSCI All Country World Index in NZD, 50% hedged to NZD	4.6%	-3.4%	-3.2%

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

KEY HOLDINGS*



*Key Holdings as at 30 September 2022

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.

Devon Funds Management Limited

Level 17, HSBC Tower, 188 Quay Street, Auckland 1010
PO Box 105 609, Auckland 1143
Telephone: 0800 944 049 (free call) or +649 925 3990
enquiries@devonfunds.co.nz

**DEVON
FUNDS.**

www.devonfunds.co.nz