

Good things come to those that wait

By Greg Smith, Head of Retail at Devon Funds.

After a challenging few months, stock markets have started November brightly. With inflation getting under control, many central banks cooling their jets, and bond yields easing, are equity markets in for a strong end to 2023?

If October was meant to be the “Bear Killer” month, it certainly didn’t pan out that way. The month started brightly enough with the end of the debt ceiling standoff in the US, but the Israel/Hamas conflict came from left field and added another dimension to go with existing market uncertainties. Bond yields rose, with the US 10-year hitting the highest level in 16 years, despite many central banks pushing pause. The European Central Bank joined other majors in going on hold after 10 consecutive increases. Inflation prints meanwhile continued to be generally lower than expected, while economic data was broadly positive, as was the earnings season in the US and Europe.

Nonetheless markets continued to soften in October. The Dow Jones and the S&P500 declined 1.4% and 2.7% respectively during the month, marking the first three-month losing streak for both indices since March 2020. Europe and Asia were similarly weak. The falls in New Zealand and Australia were more pronounced. The NZX50 fell 4.8% to hit a 16-month low, while the ASX200 dropped 3.8%, back to the levels of a year ago.

November has started off much brighter. As is (usually) the case with October, historically speaking, November is also seen as a strong month for markets, with seasonal tailwinds often featuring in a year-end rally. Whether this transpires may depend on what the bond market does, and on any messaging that rates may not be higher for longer. There are some hope...[READ MORE](#)

MARKET INDICES

Index	Region	Monthly Return	1 Yr. Return
S&P/NZX50G	NZ	-4.8%	-5.1%
S&P/ASX200G	AUSTRALIA	-3.8%	3.0%
MSCI World Index	GLOBAL	-3.3%	10.6%
S&P500	USA	-2.7%	9.4%
FTSE100	UK	-3.7%	7.2%
NIKKEI 225	JP	-3.1%	14.2%
NZ 90 Day Bank Bill	NZ	0.5%	5.1%
Bloomberg Global Aggregate Index (NZD)	GLOBAL	-0.7%	1.3%

AT A GLANCE

Prices as at 31 October 2023

DEVON ALPHA FUND	\$2.0513
DEVON AUSTRALIAN FUND	\$1.5160
DEVON DIVERSIFIED INCOME FUND	\$1.3990
DEVON DIVIDEND YIELD FUND	\$1.7362
DEVON GLOBAL IMPACT BOND FUND	\$1.2955
DEVON GLOBAL SUSTAINABILITY FUND	\$1.5622
DEVON TRANS-TASMAN FUND	\$4.1993
DEVON SUSTAINABILITY FUND	\$2.9188
ARTESIAN GREEN & SUSTAINABLE BOND FUND	\$1.0066

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DEVON ALPHA FUND

FUND OUTLINE

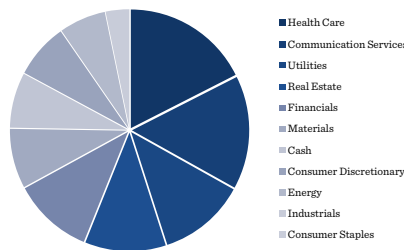
The **Alpha Fund** invests in a concentrated portfolio of approximately 10 to 15 select companies predominantly listed on the NZ and Australian share markets.

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	24.7%	Cash	7.6%
Australian Equities	67.7%	Total	100.0%
Currency Hedge	0.2%		

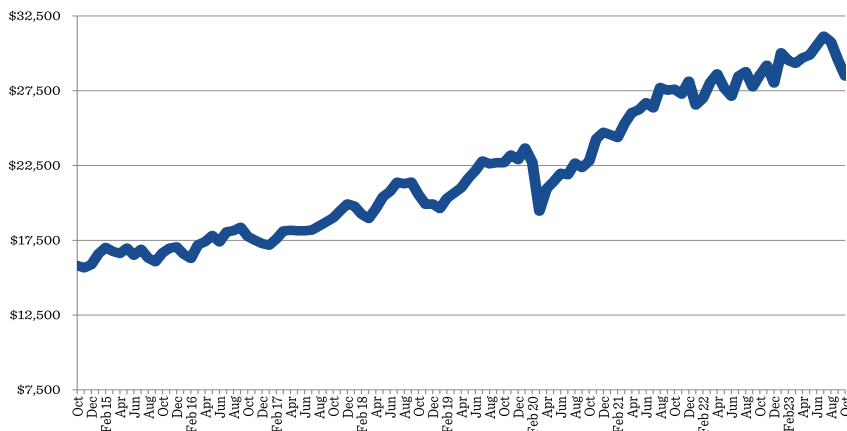
PERFORMANCE

	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	Since Inception
Devon Alpha Fund	-3.6%	-8.6%	-0.2%	7.8%	6.8%	8.4%
OCR + 5%	0.9%	2.6%	10.3%	4.3%	3.0%	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

Equity markets were under pressure again during the month as investors responded to ongoing high interest rates. Despite the negative returns, we have been encouraged by the opportunities that are being created by these pricing dynamics and have invested accordingly, particularly in Australia. The cash weighting in the Alpha strategy reduced towards 7.5% at month-end. A positive contributor to the portfolio has been Light & Wonder (LNW), which rallied 2.3% in October. LNW operates globally in the provision of gaming content and technology. They are a smaller competitor in this sector but have built a strong executive team and are growing strongly in their addressable market. LNW have committed capital into their R&D programme which is underwriting their competitive success across land-based gaming, Social Free to Play and iGaming. This business enjoys the benefits of recurring revenue, in what is a generally a well-structured and resilient industry.

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

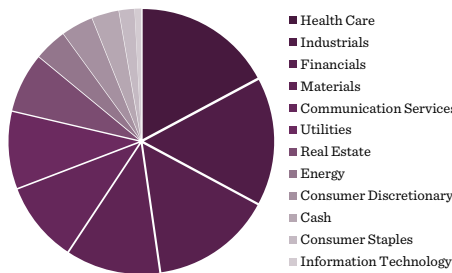
The **Trans-Tasman Fund** provides a broad and actively managed exposure to the New Zealand and Australian equity markets.

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

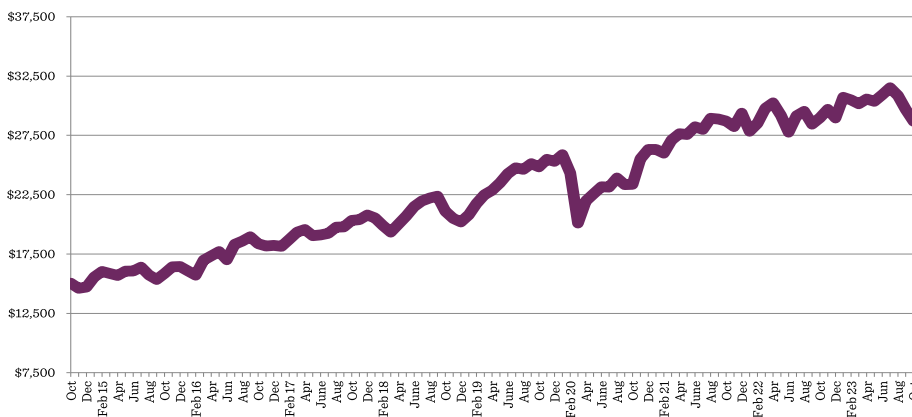
New Zealand Equities	42.6%	Cash	3.3%
Australian Equities	54.1%	Total	100.0%

PERFORMANCE	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	Since Inception
Devon Trans-Tasman Fund	-3.4%	-9.1%	-1.1%	7.0%	6.3%	8.0%
50:50 NZX50 Gross & ASX200 Index Unhedged	-3.6%	-8.7%	-1.7%	3.0%	5.7%	8.6%

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

NET PERFORMANCE

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



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

COMMENTARY

The Trans-Tasman portfolio modestly outperformed its benchmark during October, although underlying markets were very weak as the market responded to higher global bond yields.

Our best performers over the month were Northern Star which rallied 11.8% on a strong gold price and Light and Wonder which closed higher by 2.3%. BHP Billiton also proved resilient (+0.6%) despite broader equity market weakness. A key reason was strength in the iron ore price which rallied to US\$122/t (+3%). China continues to stimulate their economy to achieve the 5% GDP target for 2023. While the property market remains challenging other parts of the economy including Infrastructure, Manufacturing and Autos are performing better, underpinning steel demand and the strength in iron ore. BHP produces around 290Mt (100% basis) of iron ore at a cost of US\$20/t.

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

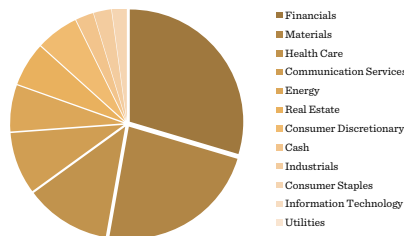
The Australian Fund invests in a select portfolio of companies, which are primarily Australian listed companies.

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

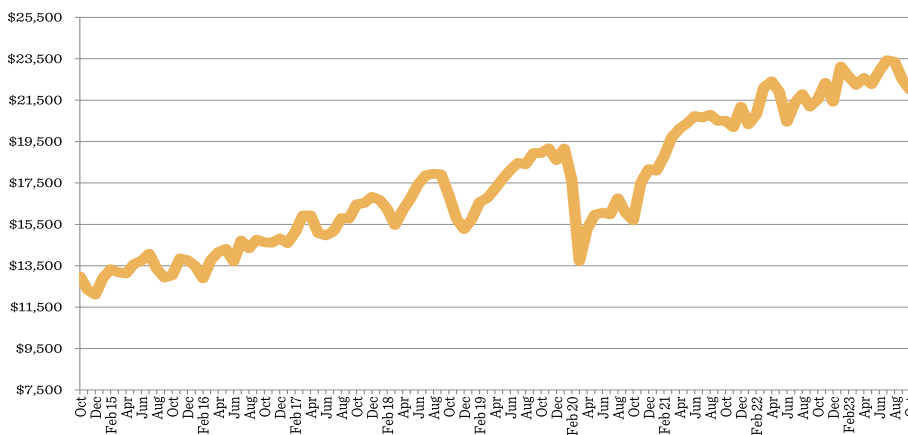
Table with 2 columns: Asset Class and Percentage. Rows include New Zealand Equities (0.0%), Australian Equities (97.4%), Cash (2.6%), and Total (100.0%).

Table with 7 columns: Performance Metric, 1 Mth, 3 Mth, 1 Yr, 3 Yr p.a, 5 Yr p.a, 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

The Australian Fund performed broadly in-line with its benchmark during the month. Two stocks that once again provided a strong contribution were Rio Tinto (+3.6%) and BHP Group (+0.6%). Supporting the miners was the iron ore price which has remained stubbornly high on the back of economic stimulus provided by the Chinese government. Both RIO Tinto and BHP Group also reported quarterly results during October, each delivering solid production across their key assets. Another stock that continues to perform strongly relative to the ASX200 Index was Carsales (-1.1%). This stock has had an incredible run in 2023, returning 37% year-to-date. We took the opportunity to reduce our position in this business on the basis that its price has approached our assessment of its fair value. Detractors to performance included some of our more defensive companies, Brambles (-8.5%), Cleanaway (-7.8%) and CSL (-7.4%), as higher interest rates weighed heavily on these investments.

PORTFOLIO MANAGER

Slade Robertson



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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

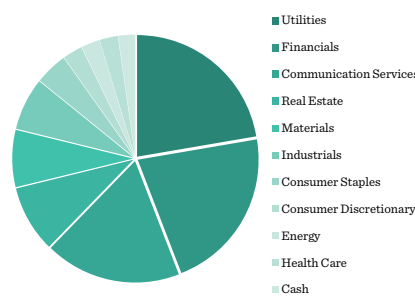
The **Devon Dividend Yield Fund** invests in a carefully selected portfolio of New Zealand and Australian listed companies.

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

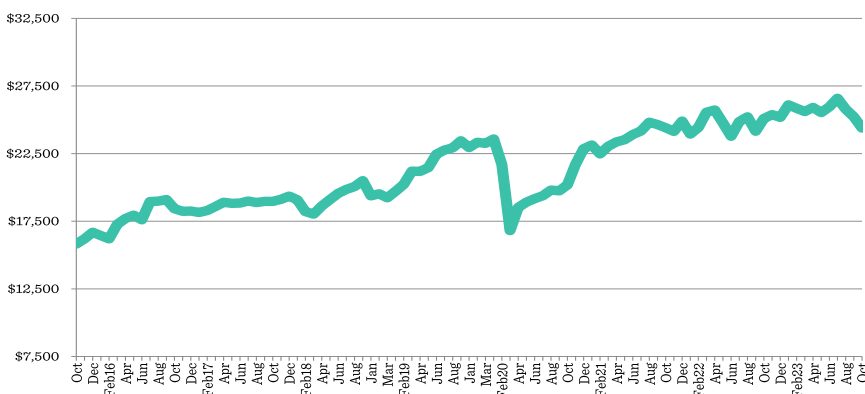
New Zealand Equities	62.5%	Cash	2.3%
Australian Equities	35.2%	Total	100.0%
Currency Hedge	98.5%	Yield	6.6%

PERFORMANCE	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	Since Inception
Devon Dividend Yield Fund	-3.3%	-8.3%	-2.8%	6.5%	4.7%	8.7%
50:50 NZX50 & ASX200 Index Gross	-4.3%	-9.0%	-1.1%	2.5%	5.7%	9.4%

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

Our investments in the Australasian telecommunications sector significantly outperformed both the New Zealand and Australian equity markets. Spark was interestingly one of only five stocks on the NZX50 that produced a positive result for the month. The sale of their tower infrastructure assets resulted in a stronger, less geared balance sheet at a time when corporate bond yields have climbed significantly, putting many over-g geared businesses under increasing refinancing pressure. This strength has allowed the company to continue with its \$350m share buy-back which is now 62% completed. Furthermore, a combination of rational pricing in the mobile market and the prospect of the 5G wireless broadband expansion should underpin modest earnings growth.

A resilient iron ore price during the month helped our positions in both BHP and RIO outperform. Iron ore exports from Australia were up 1% in October, which alongside higher prices should see RIO track toward the top end of its 2023 earnings guidance.

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

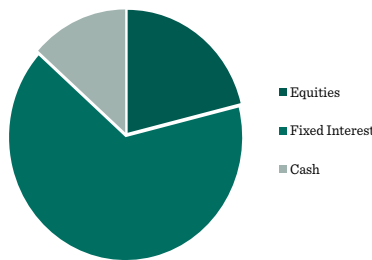
FUND OUTLINE

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	58.5%
Australian Equities	10.6%	Cash	12.0%

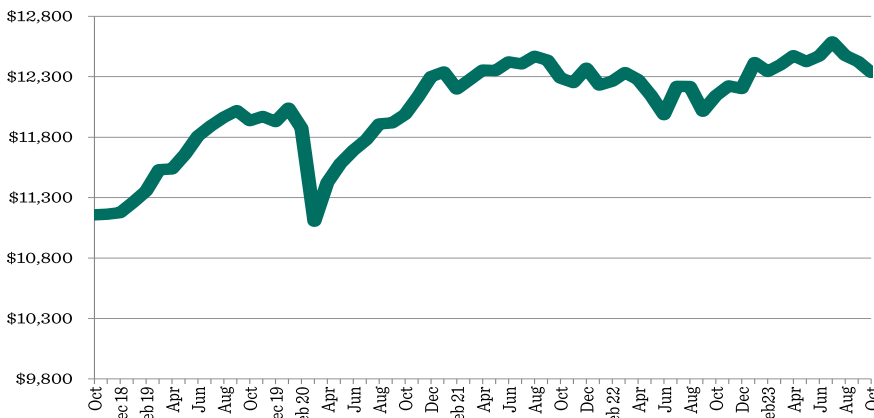
PERFORMANCE

	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	Since Inception
Devon Diversified Income Fund	-0.7%	-2.0%	1.6%	1.0%	2.0%	2.9%
OCR + 1.5%	0.6%	1.8%	6.6%	3.9%	3.3%	2.9%

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

NET PERFORMANCE

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



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

COMMENTARY

Global bond yields moved higher during October with US 10-year Treasuries closing the month at 4.84%. Recent economic data has highlighted the resilience of the US economy and Jerome Powell reiterated the Fed's commitment to bringing inflation sustainably down to 2% over time. This may require additional rate hikes but there is an acknowledgement by the central bank that current elevated bond yields are essentially doing much of this work for them. In China, President Xi noted at the National Financial Conference the importance of financial stability. This was interpreted to suggest that a more supportive range of stimulus measures will be implemented to support their banking and property sectors. Australian inflation was also a focus for investors with third-quarter CPI reported at 1.2%, an acceleration from the 0.8% recorded in the previous quarter. This trend will be concerning for the RBA as it monitors the demand impact from the massive immigration levels being experienced across the Tasman.

PORTFOLIO MANAGER

Slade Robertson



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DEVON SUSTAINABILITY FUND

FUND OUTLINE

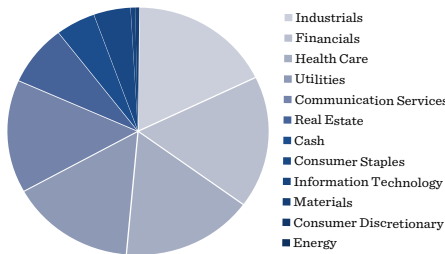
The **Devon Sustainability Fund** invests in a select portfolio of well researched New Zealand and Australian listed companies.

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

KEY HOLDINGS



ASSET ALLOCATION



ALLOCATION

New Zealand Equities	60.0%	Cash	4.9%
Australian Equities	35.1%	Total	100.0%

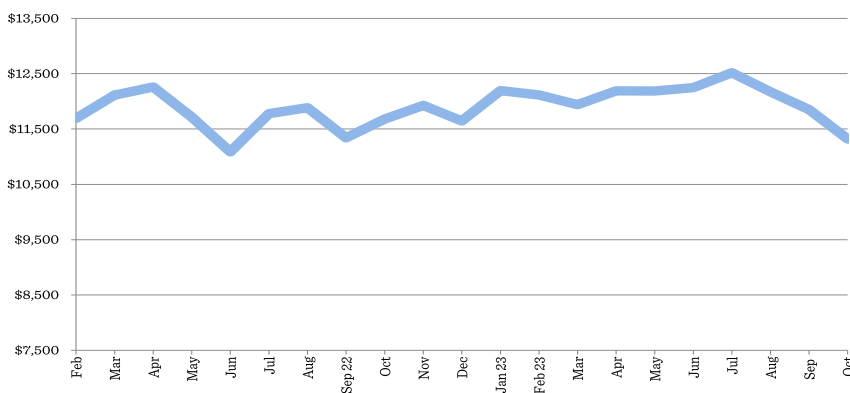
PERFORMANCE

	1 Mth	3 Mth	1 Yr p.a	3 Yr p.a	Since Inception
Devon Sustainability Fund	-4.5%	-9.6%	-3.1%	3.7%	4.0%
50:50 NZX50 Portfolio Index & ASX200 Index	-4.5%	-9.2%	-2.0%	3.4%	3.7%

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 October this strategy performed in-line with its benchmark, largely because of our inability to own stocks in the mining sector within this Fund. These stocks were well supported due to confidence over Chinese policy support for their economy, but we will not invest in companies associated with this sector on the grounds of environmental sustainability. Our top performers included Spark (+3.3%) and Ebos Healthcare (+2.3%), while outside of the miners we were also negatively affected by our exposure to the Port of Tauranga which fell by over 13%. Looking forward we will maintain our exposure to dependable and defensive companies, such as Spark. The New Zealand telecommunications sector is both rational and highly profitable for the three local players, the other companies being One NZ and 2degrees. This market environment, in addition to prudent management, sees Spark earn a return on its invested capital several times higher than that of the major Australia telecom companies.

PORTFOLIO MANAGER

Mark Brown



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

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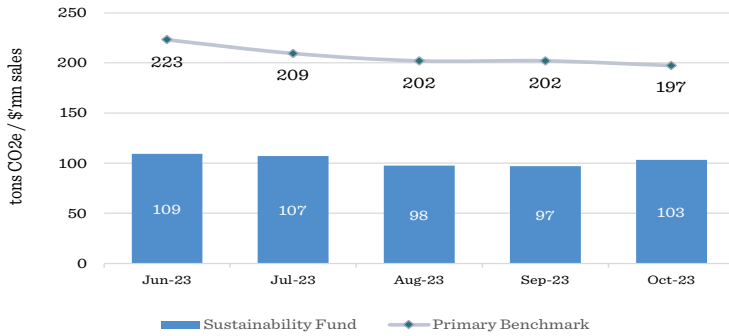
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DEVON SUSTAINABILITY FUND

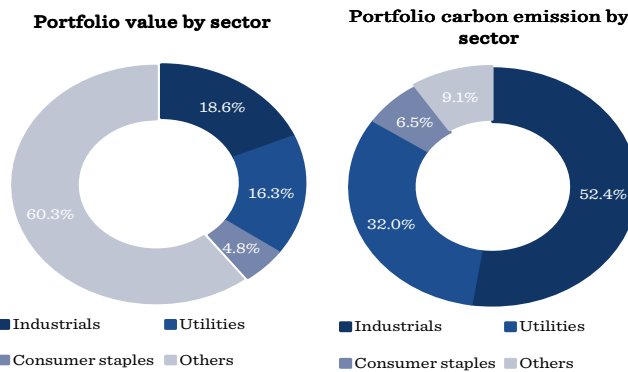
CARBON INTENSITY - PORTFOLIO VS BENCHMARK

Carbon Intensity - Portfolio vs Benchmark



PORTFOLIO CARBON EMISSIONS BY KEY SECTORS

Portfolio Carbon Emissions by Key Sectors



The industrials, utilities, and consumer staples sectors make up 39.7% of the portfolio by value, but they account for 90.9% of the carbon emissions in the portfolio.

ESG PORTFOLIO SUMMARY

	MSCI ESG Ratings	MSCI ESG Quality score	
Portfolio	AA	7.81	Portfolio Sustainability Fund
Benchmark	AA	7.42	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%	5.0%	4.2%	8.1%	6.6%

*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	83.3%
% of companies committed to Net Zero	61.1%
% of companies committed to Carbon Neutral	5.6%
% of companies with no commitment to either	33.3%

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 we were incredibly proud to be called out by the Responsible Investment Association Australasia (RIAA) as a Responsible Investment leader in their landmark annual study, the Responsible Investment Benchmark Report Aotearoa. RIAA's Benchmark Report is the most comprehensive review of the responsible investment sector in New Zealand, with the 2023 report reviewing the investment practices of 70 investment managers.

We continue to engage with companies on their decarbonisation pathways. This month we spoke to Brambles for greater understanding of the challenges they will face in meeting their target of net-zero by 2040, which encompasses Scope 1, 2 and relevant Scope 3 emissions. Scope 3 emission reductions are the biggest challenge for Brambles, as they account for 97% of their emissions. As such, their targets rely heavily on the decarbonisation of the freight industry. There are also issues in obtaining accurate Scope 3 data which makes reporting challenging, a headwind that is shared across all companies. We are comfortable that management have a good appreciation of the relevant challenges in respect of their net-zero target, and we will continue to engage with them periodically to understand their progress towards meeting this target.

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	-0.9%	-2.9%	-3.3%	1.1%	-4.8%
Bloomberg Global Aggregate Index Hedged NZD	-0.7%	-2.6%	-3.0%	1.3%	-4.3%

PERFORMANCE	1 Mth	3 Mth	6 Mth	1 Yr	Since Inception
Devon Global Sustainability Fund	-0.2%	-5.1%	-1.1%	10.7%	2.6%
MSCI All Country World Index in NZD, 50% hedged to NZD	-1.3%	-5.6%	2.0%	9.9%	0.9%

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

KEY HOLDINGS*

VISA



JOHN DEERE



*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

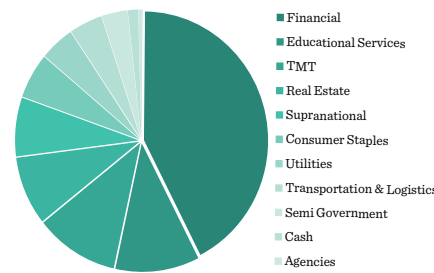
The Artesian Green and Sustainable Bond Fund (NZD) offers New Zealand-based investors a Portfolio Investment Entity (PIE) vehicle through which to invest in the Artesian Green and Sustainable Bond Fund (AUD).

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

Table with 2 columns: Allocation Item and Percentage. Rows include Artesian Green & Sustainable Bond Fund (AUD) at 98.6%, Currency Hedge (100% to NZD) at 100.5%, Cash at 1.4%, and Total at 100.0%.

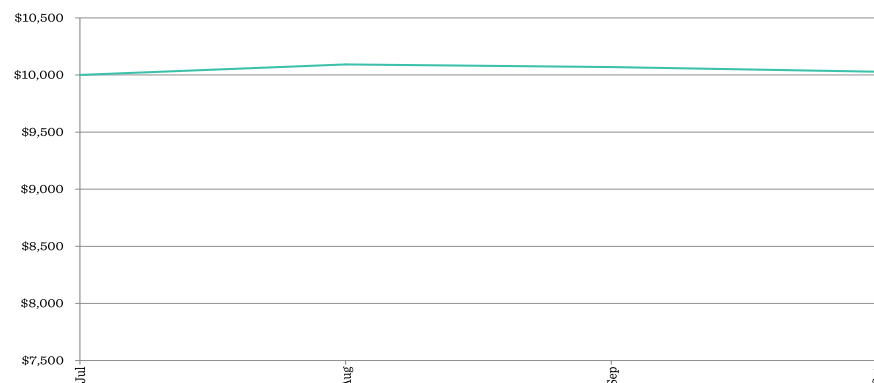
PERFORMANCE

Table with 4 columns: Performance Item, 1 Mth, 3 Mth, and Since Inception. Rows include Artesian Green & Sustainable Bond Fund (NZD)*, Artesian Green & Sustainable Bond Fund Zero PIR Return**, and Bloomberg AusBond Composite 0-5 Yr Index 100% Hedged to NZD.

*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.

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

Bond yields continued to trend higher in October, tempered only by heightened geopolitical uncertainty. US 10yr Treasury yields pushed above 5% for the first time since 2007, which weighed on equity markets and other risk assets.

The Fund's outperformance versus benchmark in October was driven by the underweight interest rate duration positioning. In October, the Fund's best performing positions were QIC Shopping Centre Fund (Green), Woolworths (Green & SLB), KFW (Green) and Asian Development Bank (Social).

The Fund was active throughout October. The spike in government bond yields looked like a good entry point to add some interest rate duration (IRD) from an underweight position relative to benchmark.

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.

