

The results are in

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

August was anything but dull for markets. After the “panic attack” at the start of the month, global benchmarks rebounded, led by the US indices. The Dow Jones made a new record high. The S&P500 was down 6% for the month at one point (and 8.5% from its July highs), before ending the month up 2.4%. Fears over a hard landing were put on the back burner as economic data continued to largely be on the resilient side of the ledger. The US earnings season had some high-profile ‘misses’ but was largely positive, with around 80% of S&P constituents reporting better than expected earnings, while outlook statements were not too downbeat.

Lower than expected inflation prints, including for the Fed’s preferred inflation gauge, also effectively locked in the view that the central bank was ready to start easing rates at the September meeting, and paving the way for a soft economic landing for the world’s largest economy.

The RBNZ had already commenced down the easing path, and after a very strong performance in July, the Kiwi market performed much more modestly in August. The NZX50 added 0.3% for the month. The slightly positive per-formance though was underpinned by a 10% lift in benchmark heavyweight Fisher & Paykel Healthcare after the company lifted guidance. At the other end, falls for a2 Milk (-23%) and Spark NZ (-17%) weighed, after missing the mark on earnings and guidance respectively in what was a relatively mixed reporting season.

The Australian sharemarket also rebounded strongly from... [READ MORE](#)

MARKET INDICES

Index	Region	Monthly Return	1 Yr. Return
S&P/NZX50G	NZ	0.3%	7.7%
S&P/ASX200G	AUSTRALIA	0.5%	14.9%
MSCI World Index	GLOBAL	2.7%	25.0%
S&P500	USA	2.4%	27.1%
FTSE100	UK	0.9%	16.9%
NIKKEI 225	JP	-1.1%	20.7%
NZ 90 Day Bank Bill	NZ	0.5%	5.8%
Bloomberg Global Aggregate Index (NZD)	GLOBAL	1.1%	7.1%

AT A GLANCE

Prices as at 31 August 2024

DEVON ALPHA FUND	\$2.3573
DEVON AUSTRALIAN FUND	\$1.8282
DEVON DIVERSIFIED INCOME FUND	\$1.4732
DEVON DIVIDEND YIELD FUND	\$1.8648
DEVON GLOBAL IMPACT BOND FUND	\$1.3804
DEVON GLOBAL SUSTAINABILITY FUND	\$1.9641
DEVON TRANS-TASMAN FUND	\$4.9540
DEVON SUSTAINABILITY FUND	\$3.3947
ARTESIAN GREEN & SUSTAINABLE BOND FUND	\$1.0458

IN THIS REPORT

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

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 ALPHA FUND

FUND OUTLINE

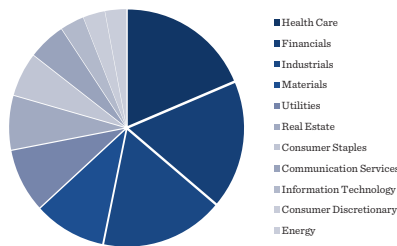
The **Alpha Fund** invests in a concentrated portfolio of approximately 10 to 15 select companies predominantly listed on the NZ and Australian share markets.

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	35.4%	Cash	10.9%
Australian Equities	53.7%	Total	100.0%
Currency Hedge	0.0%		

PERFORMANCE

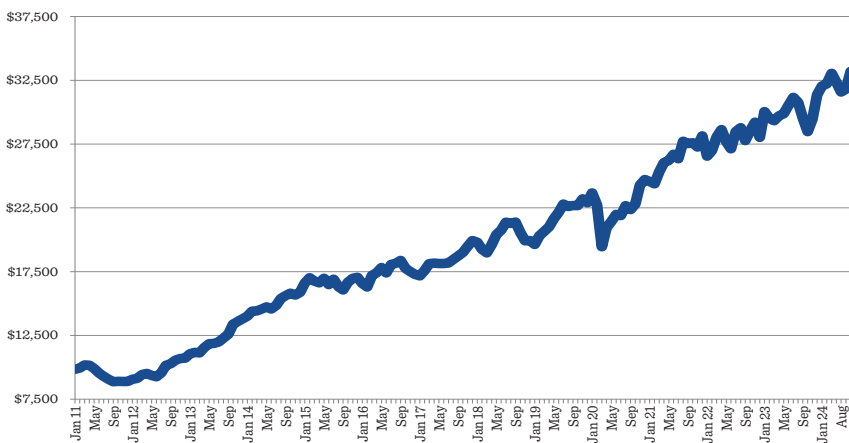
	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	Since Inception
Devon Alpha Fund	0.0%	5.1%	7.9%	6.2%	8.0%	9.1%
OCR + 5%	0.9%	2.6%	10.9%	7.3%	4.5%	2.5%

*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 navigated the Australasian reporting season reasonably well, with a number of our portfolio stocks delivering solid performance outcomes. Included amongst these were Resmed which rallied 10.1% and Newmont which closed up 6.3%. The most significant positive contribution though came from our investment in Brambles, which finished the month up 17.2%. Brambles reported a strong FY24 result, with underlying profit growth of 17%, to US\$780m. Their operating cashflow was also ahead of market expectations with better pallet collections enabling the business to de-fer capital expenditure. This in turn provided a platform to announce capital management initiatives, including a US\$500m buyback and a lift to their dividend payout range from 45-60% of earnings to a target of 50-70%. Offsetting our returns during August was our exposure to Spark, whose share price fell 16.9% after investors were disappointed with the company's full-year results.

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 TRANS-TASMAN FUND

FUND OUTLINE

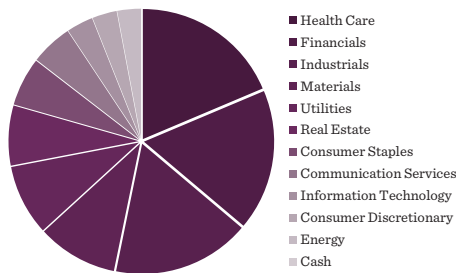
The **Trans-Tasman Fund** provides a broad and actively managed exposure to the New Zealand and Australian equity markets.

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	48.2%	Cash	1.8%
Australian Equities	50.0%	Total	100.0%

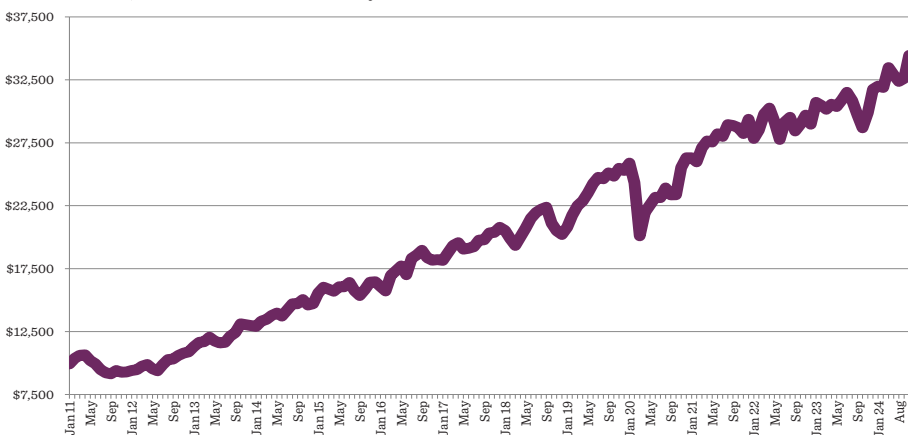
PERFORMANCE

	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	Since Inception
Devon Trans-Tasman Fund	0.2%	6.6%	11.9%	6.0%	6.9%	8.5%
50:50 NZX50 Gross & ASX200 Index Unhedged	-0.3%	5.4%	11.1%	3.1%	5.7%	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 strategy generated positive absolute returns during the month and also outperformed its underlying benchmark. Key highlights included strong performance from Brambles (+17.2%), Resmed (+10.1%), Stockland (+9.1%) and Precinct Properties (+10.7%).

Precinct Properties (PCT) rallied strongly in part due to the decision by the RBNZ to cut the OCR which broadly boosted the REITS sector. PCT also reported a solid FY24 result and is in a strong position with their high-quality portfolio still delivering strong growth. This was evidenced by a 3.4% lift in contract rentals on reviews during the year, while leasing rose +16.0%. Looking forward PCT is unique in the sector, making positive progress on its capital-partnering strategy and securing a number of sites for development throughout the rest of the decade. We have confidence that they remain on track for \$4-5b of capital partnerships over the medium term.

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

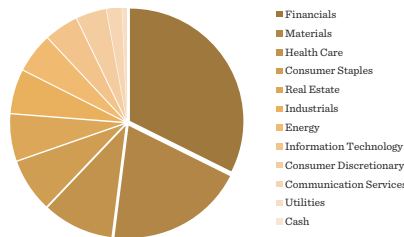
The Australian Fund invests in a select portfolio of companies, which are primarily Australian listed companies.

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

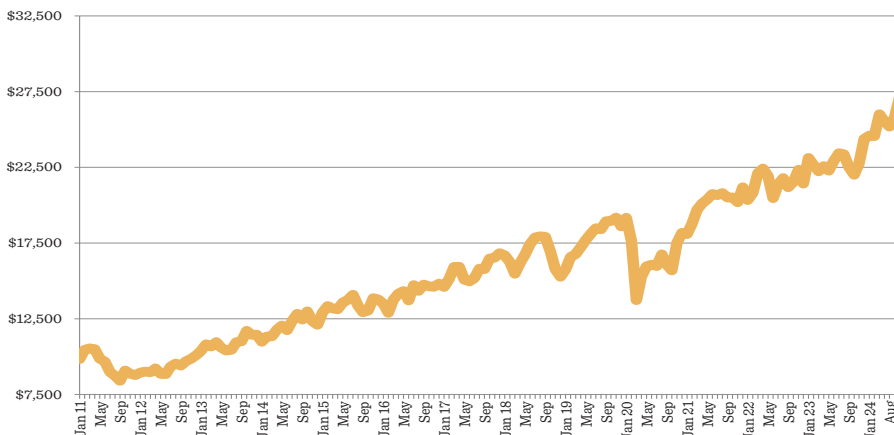
Table with 2 columns: Allocation Category and Percentage. Rows include New Zealand Equities (0.0%), Australian Equities (95.1%), Cash (4.9%), and Total (100.0%).

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 strategy performed well during August, generating returns in excess of its benchmark. Through a reporting season that produced a varied set of outcomes for Australian corporates we were pleased that the majority of our investments met, or exceeded, our expectations. Amongst the best performers were Stockland which rallied 9.1% and CAR Group which jumped 8.6%. Our best performer though was Resmed whose share price closed the month up 10.1%. This performance was catalysed by another impressive quarterly result where the company achieved 30% profit growth. This was achieved on the back of strong margin improvement and from leverage to exciting mask innovation. Consensus earnings expectations were upgraded after this result, and we continue to believe that the company is still well supported by its fundamental valuation. Weighing on our performance was our modest investment in BlueScope Steel which underperformed the market.

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

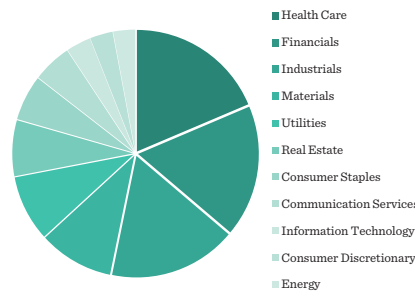
The **Devon Dividend Yield Fund** invests in a carefully selected portfolio of New Zealand and Australian listed companies.

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

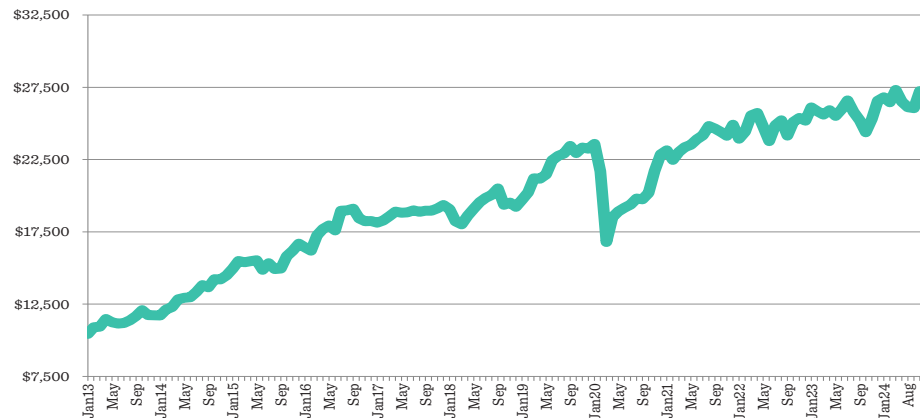
New Zealand Equities	63.2%	Cash	1.4%
Australian Equities	35.4%	Total	100.0%
Currency Hedge	97.7%	Yield	5.9%

PERFORMANCE	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	Since Inception
Devon Dividend Yield Fund	0.0%	4.2%	5.6%	3.1%	3.5%	9.0%
50:50 NZX50 & ASX200 Index Gross	0.4%	5.3%	11.3%	2.4%	5.6%	10.2%

*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 5.9%. The portfolio's dividend stream is also expected to grow in line with the RBNZ's CPI forecast over the next three years. Top contributors during August were Channel Infrastructure (+14.2%), NZX (+12.0%), and Precinct Properties (+10.7%). Mean-while, the key detractors were Santos (-7.2%), Mercury (-9.2%), and Spark (-16.9%). Channel Infrastructure emerged from what was NZ Refining, following its conversion to an import terminal in 2022. As a fuel import terminal, they own a large piece of land with adjoining docking facilities for transport ships at Marsden Point, 400 million litres of storage tank capacity, and a pipeline down to Auckland. The company continues to enjoy a recovery in jet fuel volume, which added to growth in petrol and steady diesel volumes resulted in revenue and operating earnings being up 8% and 10% respectively for the first six months of 2024.

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.

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

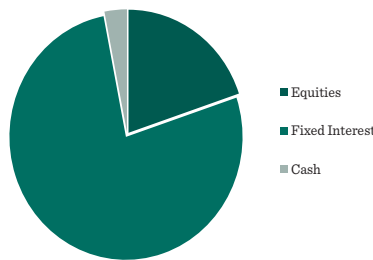
FUND OUTLINE

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	18.0%	Bonds	65.4%
Australian Equities	10.1%	Cash	6.5%

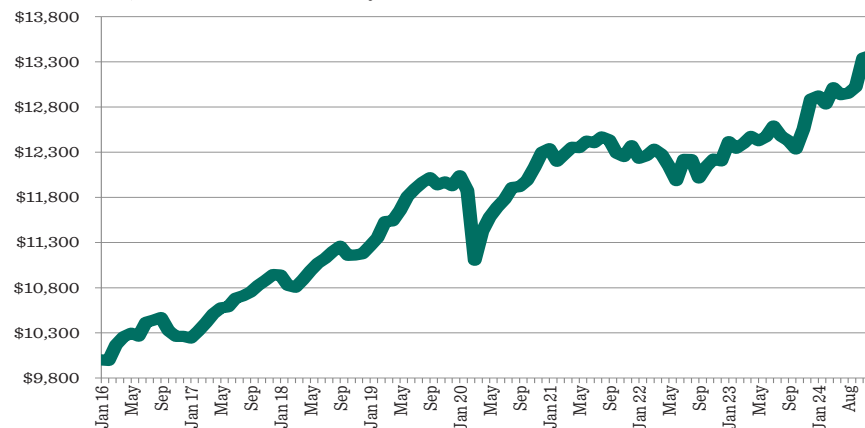
PERFORMANCE

	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	Since Inception
Devon Diversified Income Fund	0.2%	3.2%	7.2%	2.4%	2.2%	3.5%
OCR + 1.5%	0.6%	1.8%	7.2%	5.4%	4.0%	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 yields rallied during August with the interest rate on US 10-year Treasuries finishing at 3.86% (relative to 4.14% at the beginning of the month). Pricing dynamics were influenced by a strengthening view that the Federal Reserve will imminently begin to cut interest rates. This level of conviction was supported by Chairman Powell’s speech at the Economic Symposium at Jackson Hole, where he commented that “The time has come for policy to adjust”. Although Powell further acknowledged that the timing and size of cuts would continue to be data dependent, the first move is expected for September. In New Zealand, the RBNZ lowered the OCR by 0.25%, which was the first rate cut since March 2020. This was in contrast to Australia, where the minutes from the RBA’s August meeting suggested that Governor Bullock is unlikely to reduce their cash rate in the short-term.

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



www.devonfunds.co.nz



DEVON SUSTAINABILITY FUND

FUND OUTLINE

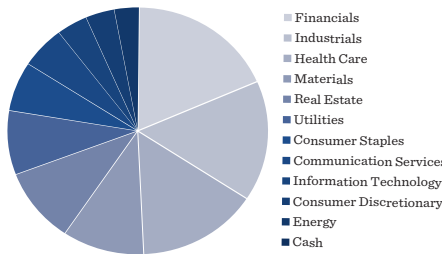
The **Devon Sustainability Fund** invests in a select portfolio of well researched New Zealand and Australian listed companies.

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	57.5%	Cash	3.0%
Australian Equities	39.5%	Total	100.0%

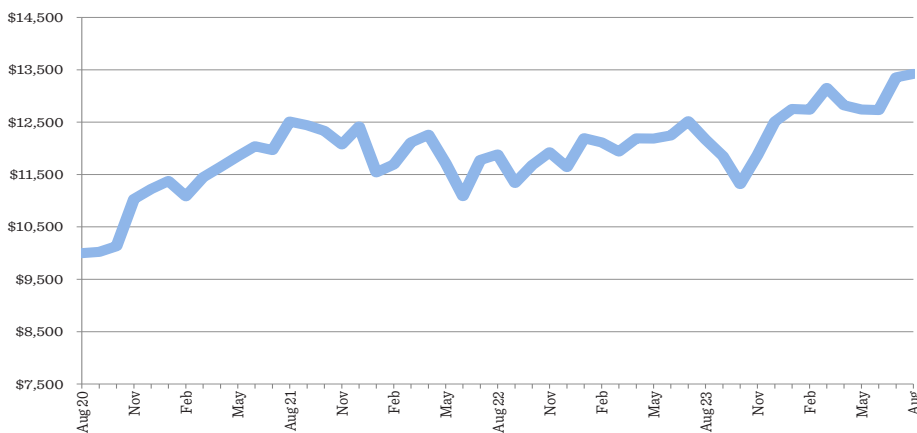
PERFORMANCE

	1 Mth	3 Mth	1 Yr p.a	3 Yr p.a	Since Inception
Devon Sustainability Fund	0.5%	5.3%	10.3%	2.3%	7.6%
50:50 NZX50 Portfolio Index & ASX200 Index	0.2%	5.5%	9.5%	1.8%	7.3%

*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-fund> or by clicking [HERE](#)

COMMENTARY

The Sustainability Fund performed well in August, returning 0.51%, ahead of its benchmark. Our three best performing stocks were Brambles (+17.2%), AFT Pharmaceuticals (+10.8%) and Precinct Properties NZ (+10.7%), whilst weighing on the Fund's performance were disappointing results from Spark New Zealand (-16.9%) and a2 Milk (-23.3%).

AFT Pharmaceuticals is a pharmaceutical company that develops, licenses, distributes and sells a wide range of pharmaceutical products around the world. The company held its annual shareholder meeting during the month where management stuck to their full year earnings guidance and outlined the progress it has made in its global expansion efforts. This progress included a new distribution agreement in China to sell their propriety antiseptic cream, Crystaderm. It also extended its partnership with Hikma in the USA to sell its patented Combogesic tablets, a fixed dose combination non-opioid pain relief tablet which will assist the uptake of the intravenous dose form.

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.

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



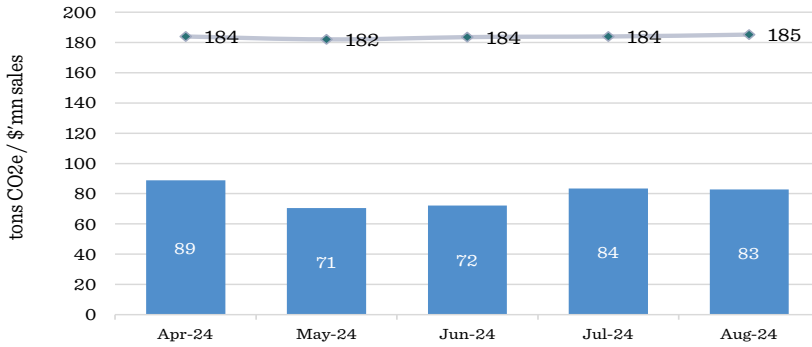
www.devonfunds.co.nz



DEVON SUSTAINABILITY FUND

CARBON INTENSITY - PORTFOLIO VS BENCHMARK

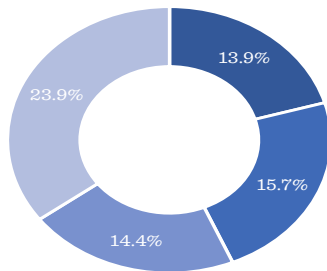
Carbon Intensity - Portfolio vs Benchmark



PORTFOLIO CARBON EMISSIONS BY KEY SECTORS

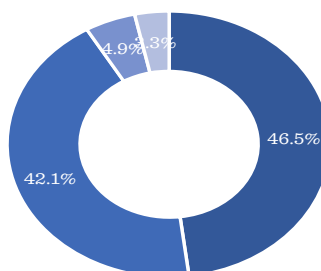
Portfolio Carbon Emissions by Key Sectors

Portfolio value by sector



■ Utilities ■ Industrials

Portfolio carbon emission by sector



■ Utilities ■ Industrials

The industrials, utilities, and communication sectors make up 44% of the portfolio by value, but they account for 93.5% of the carbon emissions in the portfolio.

ESG PORTFOLIO SUMMARY

	MSCI ESG Ratings	MSCI ESG Quality score	Portfolio
Portfolio	AA	7.76	Sustainability Fund
Benchmark	AA	7.44	50:50 composite S&P/NZX50 Portfolio Index & S&P/ASX200G Inde

PERFORMANCE

	1 Mth	3 Mth	6 Mth	1 Yr	Since Inception
ESG relative performance	4.3%	6.6%	5.3%	4.2%	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	80.0%
% of companies committed to Net Zero	67.5%
% of companies committed to Carbon Neutral	10.0%
% of companies with no commitment to either	22.5%

STEWARDSHIP

August has been another busy reporting season for investors. Following on from company reporting we had the opportunity to meet with many of the companies that we own across our portfolios. On the topic of decarbonisation, we had a positive engagement with Cleanaway Waste Management. Their team emphasised that the runway looks good for their decarbonisation plan which is encouraging given other companies are looking at significant headwinds in achieving their targets. Their management team also had interesting feedback regarding electric trucks. In the past they have had issues with the EV's they have trialed. However, Cleanaway think this may have been a result of these being an early version of the trucks. They have spent time with Waste Management NZ who have 60 trucks in use, and they will be coming to New Zealand to further explore the opportunity for Cleanaway. Whilst the trucks are more expensive up front, they don't have the same maintenance costs which is encouraging for Cleanaway and the sector more broadly.

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.

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 GLOBAL IMPACT BOND FUND

DURATION

Sector	Contribution to Duration (Years)		
	Account	Benchmark	Difference
Cash & Cash Equivalents	0.00	-	0.00
US Government	1.34	1.09	0.25
Credit*	4.44	4.80	-0.36
Asset Backed Securities	0.04	0.01	0.04
Mortgage Backed	0.91	0.63	0.28
Commercial Mortgage	0.05	0.03	0.02
Other	0.02	0.09	-0.08
Cash Offset	-	-	-
	6.81	6.65	0.16

The Fund invests into the Wellington Global Impact Bond Fund, managed by Wellington Management. Wellington Management is one of the world's leading investment management firms with over US\$1 trillion in assets under management worldwide across a broad range of asset classes. They have been providing innovative investment solutions to clients for more than 85 years. Wellington Management seeks to understand the world's social and environmental problems and to identify and invest primarily in debt issued by companies and organisations that they believe are addressing these needs in a differentiated way through their core products, services and projects. The Wellington Global Impact Bond Fund aims to improve access to, and the quality of, basic life essentials, reduce inequality and mitigate the effects of climate change.

CREDIT RATING

Quality	Percent of Market Value		
	Account	Benchmark	Difference
Cash	2.37	0.34	2.02
AAA	31.65	11.97	19.69
AA	38.16	41.66	-3.49
A	8.26	31.55	-23.28
BBB	11.98	14.22	-2.24
BB	5.55	0.01	5.54
B	2.87	-	2.87
Below B	0.22	-	0.22
Cash Offset	-1.67	-	-1.67
Not Rated	0.60	0.26	0.34
	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 August 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	1.0%	4.0%	8.1%	3.9%	1.2%
Bloomberg Global Aggregate Index Hedged NZD	1.1%	3.9%	7.1%	3.4%	1.0%

PERFORMANCE	1 Mth	3 Mth	1 Yr	2 Yr p.a	Since Inception
Devon Global Sustainability Fund	0.7%	5.1%	19.1%	17.7%	11.7%
MSCI All Country World Index in NZD, 50% hedged to NZD	-0.5%	5.1%	20.2%	17.4%	10.9%

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

KEY HOLDINGS*



*Key Holdings as at 31 August 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.

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

ARTESIAN GREEN AND SUSTAINABLE BOND FUND (NZD)

FUND OUTLINE

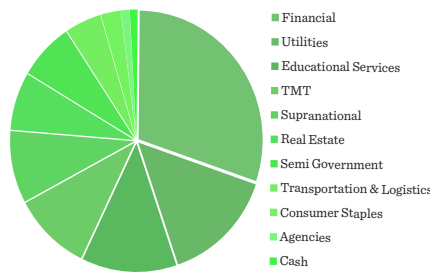
The **Artesian Green and Sustainable Bond Fund (NZD)** offers New Zealand-based investors a Portfolio Investment Entity (PIE) vehicle through which to invest in the Artesian Green and Sustainable Bond Fund (AUD).

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

KEY HOLDINGS



ASSET ALLOCATION



ALLOCATION

Artesian Green & Sustainable Bond Fund (NZD)	99.5%	Cash	0.5%
Currency Hedge (100% to NZD)	99.5%	Total	100.0%

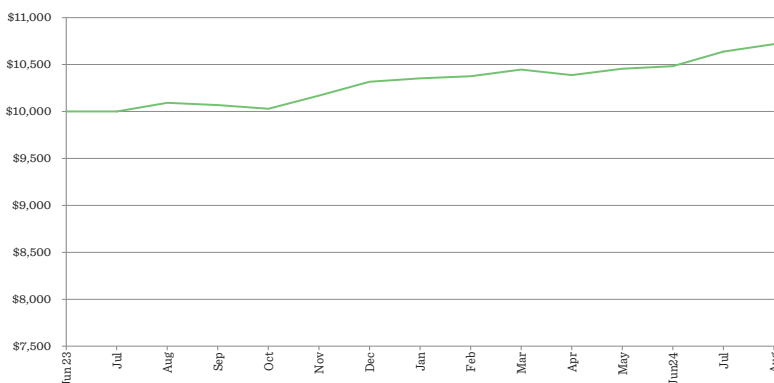
PERFORMANCE

	1 Mth	3 Mth	1 Yr	Since Inception
Artesian Green & Sustainable Bond Fund (NZD)*	0.75%	2.51%	6.20%	8.01%
Artesian Green & Sustainable Bond Fund PIR Return (NZD)**	0.75%	2.67%	6.62%	8.43%
Bloomberg AusBond Composite 0-5 Yr Index 100% Hedged to NZD	0.85%	2.53%	6.04%	7.80%

*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](#)

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

COMMENTARY

The Fund underperformed its benchmark in August, due to the modest underweight interest rate duration positioning. Whilst credit spreads were mixed, the Fund's overweight credit duration was a positive contribution to this month's returns. The Fund's running yield of 4.56% versus the benchmark's 3.99%, was another positive contribution relative to benchmark.

Outperformance in August came from the Fund's positions in the Industrial Bank of Korea (Green), Mercury (Green), QIC Town Centre Fund (Green), Mirvac Group Finance (Green) and New South Wales Treasury Corporation (Sustainable). Underperformance came from the Fund's positions in Contact Energy (Green), Housing Australia (Social), La Trobe University (Green), ESTA Utilities Finance (Green) and the Australian Postal Corporation (Sustainable).

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.

