

DEVON FUNDS.

For the informed investor.



DEVON GLOBAL IMPACT BOND FUND

MONTHLY REPORT: AUGUST 2024

SUMMARY OF INVESTMENT OBJECTIVE

The **Devon Global Impact Bond Fund** is actively managed and seeks to understand the world's social and environmental problems and to identify and invest primarily in debt issued by companies and organisations that we believe are addressing these needs in a differentiated way through their core products, services and projects. Through the Fund's investments, we seek to improve access to, and the quality of, basic life essentials, reduce inequality and mitigate the effects of climate change. The Fund seeks to deliver long term total returns in excess of the Bloomberg Global Aggregate Index (hedged to NZD).

PORTFOLIO SUMMARY

	Portfolio	Benchmark	Difference
Effective Duration (Years)	6.81	6.65	0.16
Spread Duration (Years)	6.75	6.55	0.20
Credit Spread Duration (Years)	4.25	2.49	1.76
Yield to Worst	5.08	4.98	0.10
Average Quality	AA-	AA-	

ALLOCATION

Wellington Global Impact Bond Fund NZD Hedged	98.1%	Cash	1.9%
Currency Hedge (100% to NZD)	100.0%	Total	100.0%

PERFORMANCE

	1 Mth	3 Mth	1 Yr	2 Yr p.a
Devon Global Impact Bond Fund	1.0%	4.0%	8.1%	3.9%
Bloomberg Global Aggregate Index Hedged NZD	1.1%	3.9%	7.1%	3.4%

Devon Global Impact Bond Fund returns are after all fees and expenses, but before tax which varies by investor.

MARKET REVIEW

Mounting concerns over weaker US economic growth contributed to a sharp rise in volatility in early August, though stability returned after more constructive global economic releases and US Fed rhetoric signaling rate cuts. Most fixed income sectors generated positive excess returns over duration-equivalent government bonds.

Most global sovereign bond yields moved lower across developed markets mainly driven by softening labor market data in the US and expectations that the Fed will start cutting rates in September. At the Jackson Hole Symposium, Chair Powell stated the time has come for the US Fed to soon begin reducing interest rates. The Bank of England cut interest rates for the first time in over four years.

Global credit markets outperformed duration-equivalent government bonds over the month. All three major sectors – financials, industrials, and utilities – generated positive excess returns. Broadly, municipal bonds underperformed duration-equivalent Treasuries. Within the securitized sectors, agency mortgage-backed securities and commercial mortgage-backed securities outperformed, while asset-backed securities performed in line with duration-equivalent government bonds, respectively.

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FUND PERFORMANCE AND ATTRIBUTION

The portfolio generated a positive return during the month but underperformed the Bloomberg Global Aggregate hedged to NZD index.

The portfolio's corporate credit positioning benefited results overall. At the broad sector level both high yield credit and US investment grade corporates outperformed duration-equivalent government bonds. Positioning within developed US and non-US investment grade credit had a muted impact on performance, while high yield credit index derivatives exposure benefited results. An allocation to emerging markets high yield corporates also aided relative results.

An overweight to agency mortgage back securities in support of the Affordable Housing theme detracted modestly from results.

An allocation to taxable municipals, primarily allotted to Education & Training and Health themes, had a negligible impact on results.

Overall duration and yield curve positioning detracted from performance over the month. The portfolio was positioned modestly overweight duration during the period, but was underweight Yen duration as Japan rates rallied following expectations that the Bank of Japan might reverse course on more hawkish monetary policy.

PORTFOLIO MANAGER

Campe Goodman

Campe is ultimately accountable for all performance and risk management decisions in the Global Impact Bond portfolio. Campe is the final decision maker who is responsible for performance, positioning, and risk

in Global Impact Bond portfolios. Campe has 23 years of industry experience and has managed the underlying Wellington Global Impact Bond fund since its inception in 2017.



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CONTRIBUTION TO DURATION YEARS

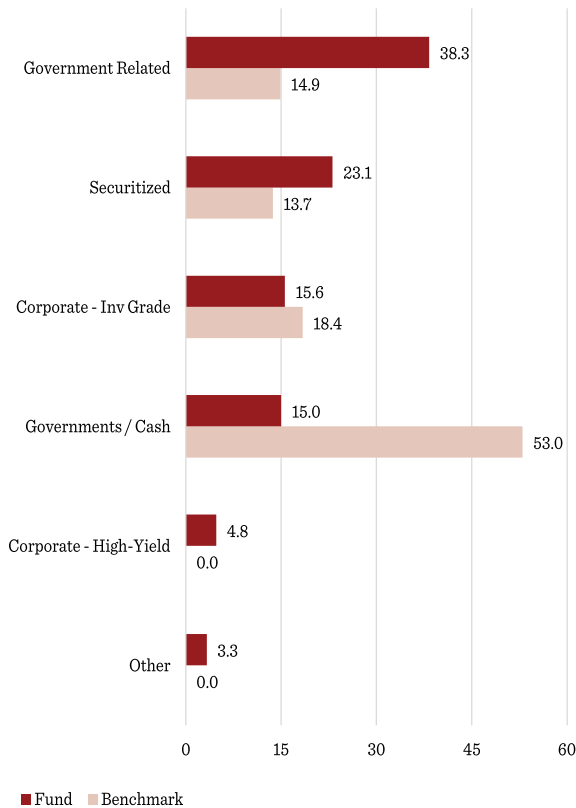
SECTOR	Account	Benchmark	Difference
Cash & Cash Equivalents	0.00	0.00	0.00
US Government	1.34	1.09	0.25
Credit*	4.44	4.80	-0.36
Asset Backed Securities	0.04	0.01	0.04
Mortgage Backed	0.91	0.63	0.28
Commercial Mortgage	0.05	0.03	0.02
Other	0.02	0.09	-0.08
Cash Offset	-	-	-
	6.81	6.65	0.16

*Credit includes Tax-Exempt Municipals, Investment Grade and High Yield Credits, Bank Loans, Emerging Market Debt, and Developed Non US Dollar Denominated Securities.

CREDIT RATING % MARKET VALUE

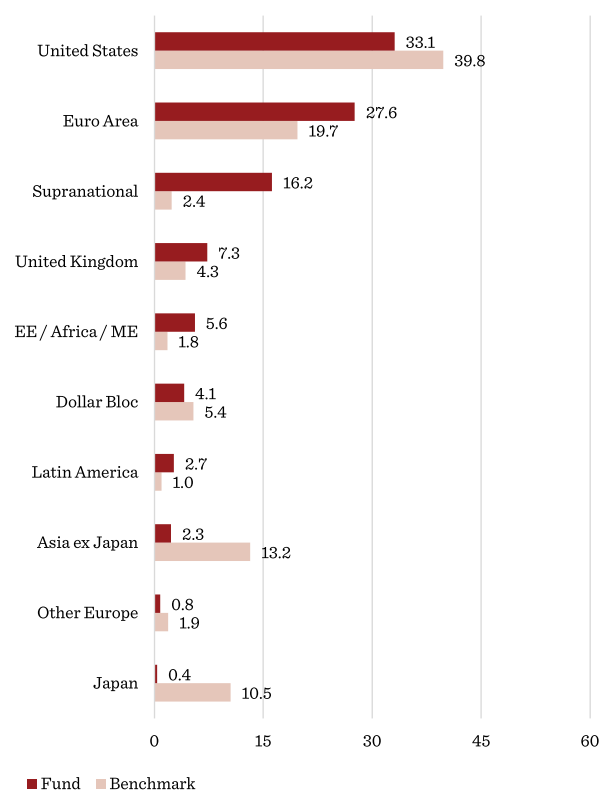
QUALITY	Account	Benchmark	Difference
Cash	2.37	0.34	2.02
AAA	31.65	11.97	19.69
AA	38.16	41.66	-3.49
A	8.26	31.55	-22.28
BBB	11.98	14.22	-2.24
BB	5.55	0.01	5.54
B	2.87	-	2.87
Below B	0.22	-	0.22
Cash Offset	-1.67	-	-1.67
Not Rated	0.60	0.26	0.34
	100.00	100.00	

SECTOR DISTRIBUTION % MARKET VALUE



Totals may not add up to 100% due to rounding.

GEOGRAPHIC DISTRIBUTION % MARKET VALUE



Totals may not add up to 100% due to rounding. | EE stands for Emerging Europe & ME stands for Middle East.

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FUND POSITIONING AND OUTLOOK*

We believe that US economic growth will moderate as excess savings are depleted, demand normalizes, and the fiscal tailwind fades. In our view, there is growing evidence of less demand pull and cost push inflation pressures, but unemployment may not rise sufficiently to slow wage growth to a level consistent with the Fed's 2% inflation target. The portfolio is positioned with a below average credit risk profile, while preserving high-quality liquid instruments to take advantage of future market dislocations.

From a sector perspective, the portfolio maintains an off-benchmark allocation to select taxable municipals, emphasizing healthcare and education issuers.

The portfolio holds select below investment-grade corporates and bank loan issuers that in our view carry attractive credit spreads.

The portfolio maintains positioning in agency MBS issuers with a focus on supporting housing affordability for low-income borrowers. We continue to hold select single-asset single borrower CMBS backed by LEED certified buildings.

The portfolio maintains exposure to labelled use-of-proceeds government and agency bonds intended to fund green, social, and sustainability-related projects.

**These views are those of Wellington Management, who have been appointed as the underlying investment manager for the Devon Global Impact Bond Fund*