DEVON FUNDS.

For the informed investor.

DEVON GLOBAL IMPACT BOND FUND

MONTHLY REPORT: FEBRUARY 2025

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)	6.19	6.48	-0.29
Spread Duration (Years)	6.39	6.38	-0.01
Credit Spread Duration (Years)	4.30	2.44	1.86
Yield to Worst	5.09	4.59	0.50
Average Quality	AA-	AA-	

ALLOCATION

Wellington Global Impact Bond Fund NZD Hedged	97.8%	Cash	2.2%
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%	0.7%	5.5%	5.6%
Bloomberg Global Aggregate Index Hedged NZD	1.2%	0.7%	5.6%	5.4%

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

MARKET REVIEW

In February, tariff tensions and recession fears weighed on sentiment, contributing to lower government bond yields. Credit spreads widened, leading most spread sectors to underperform government bonds on an excess return basis.

Most global sovereign bond yields declined due to concerns over economic growth, stagflation risks, and uncertainty surrounding Trump's trade policy. US Treasury yields fell as softening economic data and tariff uncertainty fueled recession fears. Developed market bond yields outside the US also declined, though to a lesser extent. In Europe, German bund yields edged lower due to geopolitical uncertainties and economic concerns, though expectations for higher defense spending limited the decline on the long end of the curve. UK gilt yields also fell, in line with the broader market trend. US Federal Reserve kept rates on hold, while the Bank of England and several other major central banks cut interest rates.

Global credit markets underperformed duration-equivalent government bonds over the month as spreads widened. The financials, industrials, and utilities sectors underperformed relative to duration-equivalent government bonds. Broadly, municipal bonds underperformed duration-equivalent Treasuries. Within the securitized sectors, agency mortgage-backed securities outper-

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FUND PERFORMANCE AND ATTRIBUTION

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

The portfolio's corporate credit positioning was favorable for performance overall. At the broad sector level both high yield credit and US investment grade corporates underperformed duration-equivalent government bonds. Positioning within high yield credit had a negligible impact on performance. An underweight to US investment grade corporates, particularly industrials, benefited relative performance. An allocation to emerging markets high yield corporates had a neutral impact on relative results.An allocation to securitized sectors had a muted impact on results overall; an overweight to agency mortgage back securities (MBS) in support of the Affordable Housing theme detracted from results modestly, while an allocation to commercial mortgage-backed securities (CMBS) had a small positive impact as spreads tightened.

An allocation to securitized sectors had a positive impact on results; an overweight to agency mortgage back securities (MBS) in support of the Affordable Housing theme was a positive contributor to performance as MBS spreads moved tighter, benefiting from low supply, declining interest rate volatility, and a flight to higher-quality assets.

An allocation to taxable municipals, primarily allotted to Education & Training and Health themes, was a modest positive contributor to performance.

Overall duration and yield curve positioning hurt results over the month. The portfolio held an underweight duration position.

MARKET REVIEW (CONTINUED)

formed, while commercial mortgage-backed securities, and asset-backed securities underperformed duration-equivalent government bonds, respectively.

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

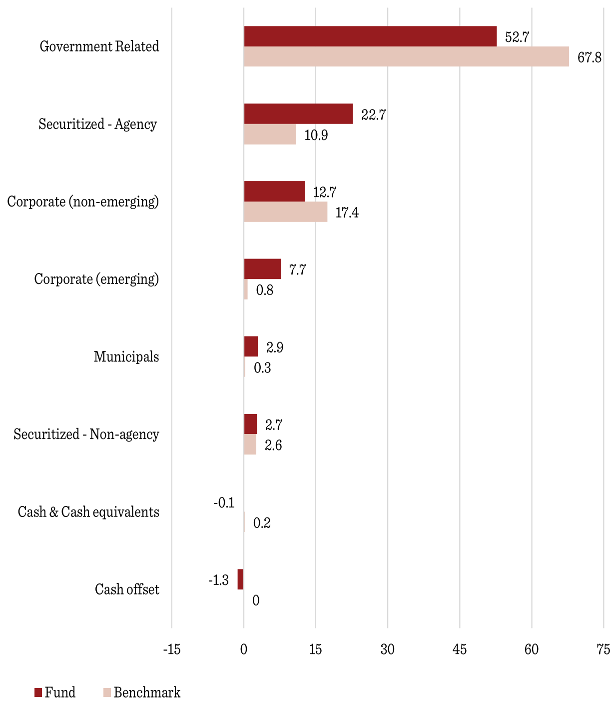
SECTOR	Account	Benchmark	Difference
Cash & Cash Equivalents	0.00	0.00	0.00
US Government	1.06	1.11	-0.05
Credit*	4.06	4.62	-0.57
Asset Backed Securities	0.04	0.01	0.04
Mortgage Backed	0.96	0.62	0.34
Commercial Mortgage	0.04	0.03	0.02
Other	0.01	0.09	-0.07
Cash Offset	–	–	–
	6.19	**6.48**	**-0.29**

*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

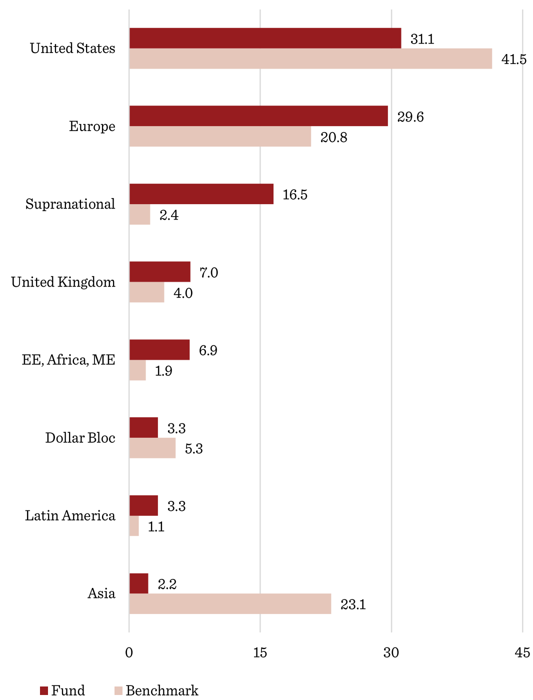
QUALITY	Account	Benchmark	Difference
Cash	-0.13	0.39	-0.52
AAA	32.53	11.57	20.96
AA	37.64	42.66	-5.01
A	8.57	31.06	-22.49
BBB	14.01	14.03	-0.02
BB	6.34	0.04	6.30
B	1.73	–	1.73
Below B	0.07	–	0.07
Cash Offset	-1.33	–	-1.33
Not Rated	0.56	0.26	0.31
	100.00	**100.00**	

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 East Europe & ME stands for Middle East.

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FUND POSITIONING AND OUTLOOK*

We believe a “no landing” scenario is likely in 2025, in which a strong consumer, low employment, and loose fiscal policy support economic growth while sticky inflation keeps rates “higher for longer” and restrains the pace of global central bank cutting. We believe that the current credit cycle remains robust, supported by strong fundamentals, technicals, and attractive all-in yields. As a result, we think investors can benefit from a pro-credit tilt while exploiting potentially compelling bottom-up sector and security selection opportunities.

Although major global central banks have continued to cut short-term interest rates throughout 2024, we expect rates to remain higher for longer. Uncertainty around central banks’ reaction functions, the pace of balance sheet reductions, and the magnitude of government debt issuance could contribute to greater credit spread volatility and increased dispersion in the credit spreads of individual issuers.

In terms of positioning, the portfolio has a close to neutral 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*

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