

DEVON FUNDS.

For the
informed
investor.



DEVON GLOBAL IMPACT BOND FUND

MONTHLY REPORT: MAY 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)	6.41	6.39	0.03
Spread Duration (Years)	6.60	6.28	0.32
Credit Spread Duration (Years)	4.24	2.38	1.65
Yield to Worst	5.34	4.91	0.44
Average Quality	A+	AA-	

ALLOCATION

Wellington Global Impact Bond Fund NZD Hedged	98.5%	Cash	1.5%
Currency Hedge (100% to NZD)	100.0%	Total	100.0%

PERFORMANCE

	1 Mth	3 Mth	1 Yr	3 Yr p.a
Devon Global Impact Bond Fund	-0.5%	-0.2%	5.0%	2.2%
Bloomberg Global Aggregate Index Hedged NZD	-0.4%	0.0%	5.5%	2.2%

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

MARKET REVIEW

In May, most sovereign yields surged over renewed concerns about tariffs and US fiscal deficits. Most fixed income sectors gained on an excess return basis supported by improved market tone.

Most global sovereign yields ended sharply higher. US Treasury yields rose across all key tenors. Short-term yields rose as the market dialed back rate cut expectations, encouraged by optimism around the US-China 90-day tariff agreement and several better-than-expected data releases. Long-term yields also moved higher, driven by US tax bill concerns, a higher deficit trajectory, and a weak 20-year US Treasury auction. In Europe, German bund yields edged higher initially on improved global risk sentiment, partially offset in the second half of the month as President Trump's threats to increase tariffs on EU goods reignited concerns. UK gilt yields rose due to sticky inflation, challenging the likelihood of a continued downward rate trajectory from the Bank of England, and the announcement of a larger-than-expected budget deficit. The Federal Reserve held rates steady, while the market continued to dial back rate cut expectations. The European Central Bank, the Bank of England, and the Reserve Bank of Australia each cut rates by 25 basis points. Most other major central banks left their policy rates unchanged.

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FUND PERFORMANCE AND ATTRIBUTION

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

The portfolio's corporate credit positioning had positive impact on performance overall. At the broad sector level both high yield credit and US investment grade corporates outperformed duration-equivalent government bonds as credit spreads tightened amid a stable macroeconomic backdrop. An allocation to US and developed non-US high yield credit benefited results, led by industrials issuers allocated to digital divide and health impact themes. This positive effect was more than offset by a negative impact from an underweight to US investment grade corporates. An allocation to emerging market high yield non-investment grade corporates, mainly utilities and industrial issuers invested in digital divide and, clean water and sanitation, had a positive impact on relative results benefiting from spread narrowing.

An overweight to agency mortgage back securities (MBS) in support of the affordable housing theme was neutral for performance, and an allocation to commercial mortgage-backed securities (CMBS) modestly helped results as spreads tightened amid stabilizing markets.

An allocation to taxable municipals, primarily allotted to education & training and health themes, contributed positively to performance.

Overall duration and yield curve positioning modestly aided results over the month. The portfolio was positioned with a relatively neutral duration posture.

MARKET REVIEW (CONTINUED)

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

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

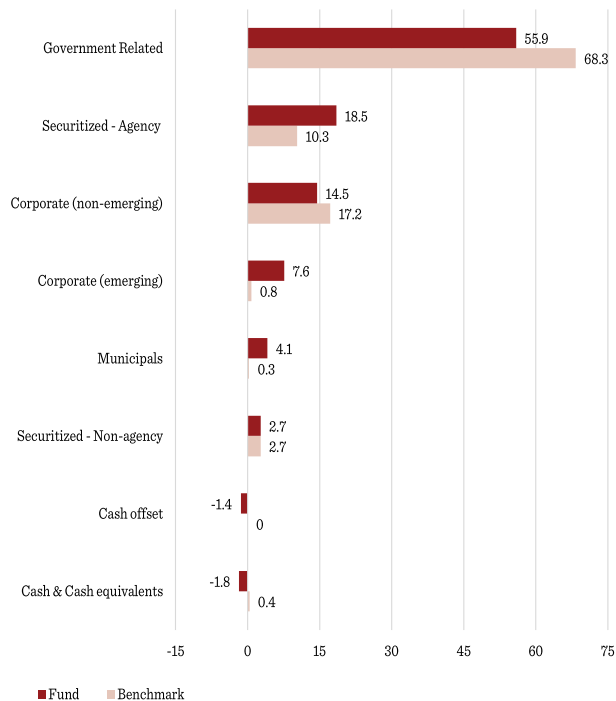
SECTOR	Account	Benchmark	Difference
Cash & Cash Equivalents	0.00		0.00
US Government	1.07	1.06	0.01
Credit*	4.41	4.63	-0.21
Asset Backed Securities	0.04	0.01	0.03
Mortgage Backed	0.85	0.58	0.26
Commercial Mortgage	0.03	0.03	0.01
Other	0.01	0.09	-0.08
Cash Offset	-	-	-
	6.41	6.39	0.03

*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

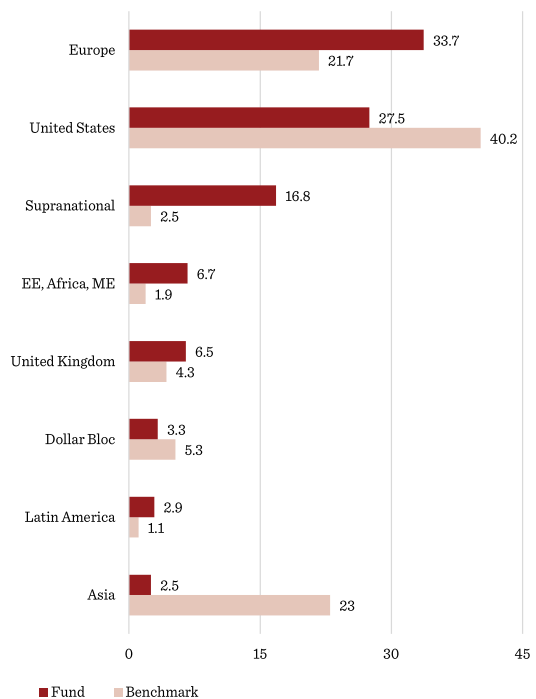
QUALITY	Account	Benchmark	Difference
Cash	-1.96	0.43	-2.39
AAA	33.28	11.82	21.46
AA	35.81	42.44	-6.63
A	8.10	31.01	-22.91
BBB	16.57	14.02	2.55
BB	5.81	0.01	5.80
B	2.88	-	2.88
Below B	0.14	-	0.14
Cash Offset	-1.38	-	-1.38
Not Rated	0.74	0.27	0.47
	100.00	100.00	

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.



FUND POSITIONING AND OUTLOOK*

We believe the macro backdrop will remain volatile and uncertainties around US tariff policy, bilateral negotiations, central bank policy trajectory and European fiscal will persist. Elevated uncertainty has the potential to tighten financial conditions, accelerate regional divergence, and challenge market soft landing narratives. There is also likely to be an increased probability of a much more sustained rise in inflation levels and volatility, whilst potentially causing a significant deterioration of short- and medium-term growth.

Against this backdrop, we believe that there is opportunity in active portfolio management, with nimble credit management and bottom-up, research-driven security selection being key.

In terms of positioning, the portfolio has a close to neutral credit risk profile and duration posture, 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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INDEPENDENT IMPACT VERIFICATION



An early mover in public-market impact investing, Wellington launched its first impact strategy in 2015 and joined the Global Impact Investing Network (GIIN) a year later. Wellington has continuously evolved to stay aligned with current best practices ever since. Wellington's commitment to ongoing improvement led the firm to independently verify that the impact investing processes of its Global Impact Equity and Global Impact Bond strategies (with combined assets under management of US\$3.8 billion as at 31 December 2024) align with industry standards.

BlueMark, the leading provider of independent impact verification and intelligence for the sustainable and impact investing market, verified Wellington's practices. BlueMark assessed Wellington's practices against the GIIN's [impact principles](#) – a commonly recognized standard for impact investors, who aim to deliver market-rate financial returns alongside measurable social and environmental impact.

Wellington are thrilled to share its strong results, having earned an “advanced” or “high” rating in eight out of nine practice areas. Specifically, BlueMark:

- Highlighted a granular, bottom-up, integrated approach to impact diligence.
- Acknowledged strong collaboration among various teams across the firm, who work with impact portfolio managers to ensure that each underlying holding meets the respective fund's impact criteria.
- Assessed impact monitoring as “advanced,” citing Wellington's annual reporting of impact KPIs and an internal feedback loop that ensures insights from impact data analysis can help influence research and engagement priorities for Wellington's impact funds.

While proud of these achievements and BlueMark verification, Wellington also recognizes the importance of continued diligence and improvement. For example, Wellington plans to focus on the better sharing of lessons learned between the impact investing teams.

Looking forward to the next decade of impact investing, Wellington remains committed to advancing its impact measurement and management practice. Aligning with industry standards and best practices can not only help Wellington attract capital to public-market impact investing and deliver competitive outcomes for clients, but can help ensure that the firm is making a meaningful, quantifiable difference for society and the environment.

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