

DEVON FUNDS.

For the informed investor.



DEVON GLOBAL IMPACT BOND FUND

MONTHLY REPORT: NOVEMBER 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)	6.16	6.49	-0.34
Spread Duration (Years)	6.27	6.39	-0.12
Credit Spread Duration (Years)	4.33	2.45	1.88
Yield to Worst	5.14	4.80	0.34
Average Quality	AA-	AA-	

ALLOCATION

Wellington Global Impact Bond Fund NZD Hedged	99.1%	Cash	0.9%
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	1.1%	0.5%	7.8%	5.0%
Bloomberg Global Aggregate Index Hedged NZD	1.2%	0.8%	7.2%	4.6%

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

MARKET REVIEW

In November, market volatility fell following Donald Trump's win in the US presidential election amid speculations that his economic policies would boost growth and corporate earnings. Most fixed income sectors outperformed on an excess return basis.

Most global sovereign bond yields ended lower. US Treasury yields sold off earlier in the month following Trump's election victory, but the move was reversed as the Fed delivered its second rate-cut and traders started unwinding some of the Trump trades. Trump's nomination of Scott Bessent as the new Treasury Secretary was well received by markets given Bessent's fiscally conservative stance, adding to the downward pressure for bond yields later in the month. In Europe, government bond yields fell due to mounting political uncertainties, particularly in Germany and France, and negative implications from Trump's tariff policies. The Bank of England's rate cut amid weaker-than-expected economic data and tempered growth expectations drove UK gilt yields lower.

Global credit markets outperformed duration-equivalent government bonds over the month as spreads tightened. All three major sectors – financials, industrials, and utilities – generated positive excess returns.

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 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. Past performance is no guide to future returns. 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. No part of this document may be reproduced without the permission of Investment Services Group.



FUND PERFORMANCE AND ATTRIBUTION

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

The portfolio's corporate credit positioning had negligible impact on performance overall. At the broad sector level both high yield credit and US investment grade corporates outperformed duration-equivalent government bonds as spreads narrowed. Positioning within high yield credit had a small positive impact on performance. This positive impact was offset by negative results from an underweight to US investment grade corporates, mainly industrials. An allocation to emerging markets high yield corporates was neutral for relative results.

An overweight to agency mortgage back securities (MBS) in support of the Affordable Housing theme benefited performance the most, as MBS spreads tightened and rates largely moved lower, particularly after the US elections.

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

Overall duration and yield curve positioning detracted from performance over the month. The portfolio ended the period with an underweight duration position.

MARKET REVIEW (CONTINUED)

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.



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



CONTRIBUTION TO DURATION YEARS

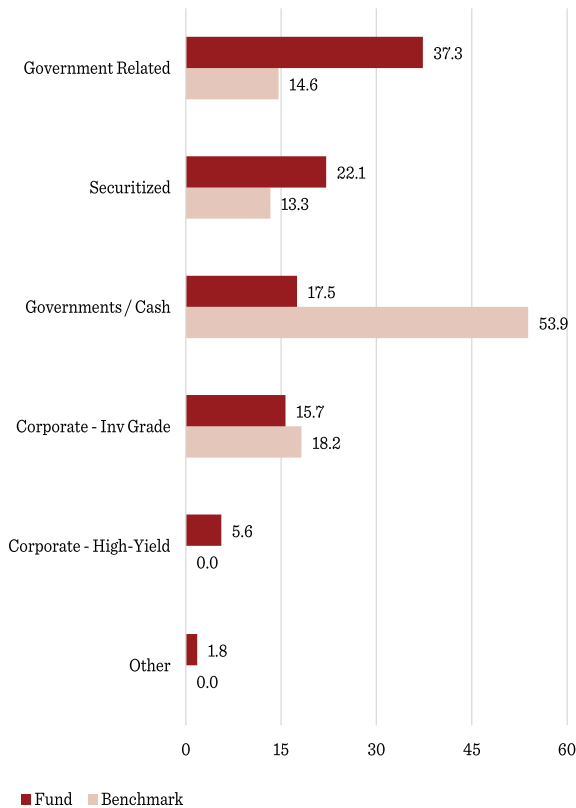
SECTOR	Account	Benchmark	Difference
Cash & Cash Equivalents	0.00	0.00	0.00
US Government	0.70	1.08	-0.37
Credit*	4.40	4.67	-0.27
Asset Backed Securities	0.05	0.01	0.04
Mortgage Backed	0.94	0.62	0.32
Commercial Mortgage	0.05	0.03	0.02
Other	0.02	0.09	-0.07
Cash Offset	-	-	-
	6.16	6.49	-0.34

*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

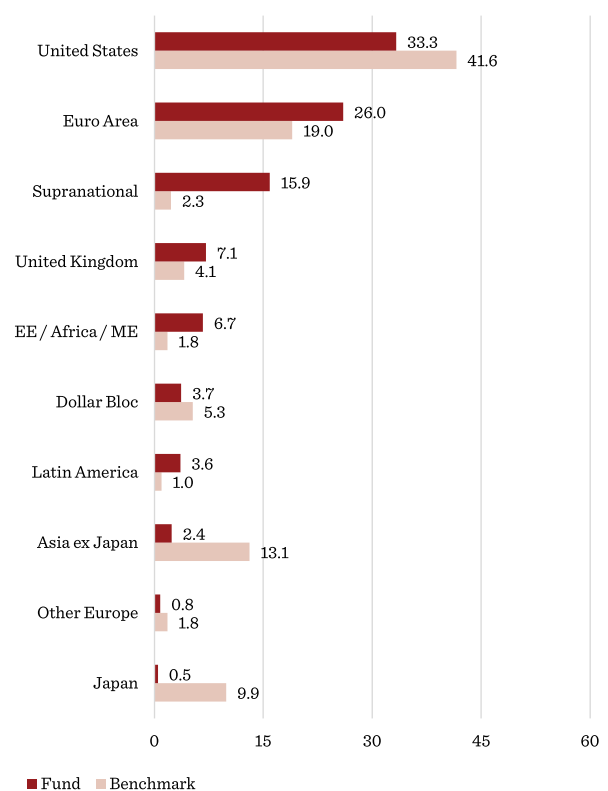
QUALITY	Account	Benchmark	Difference
Cash	1.98	0.39	1.58
AAA	30.27	11.56	18.71
AA	38.55	43.07	-4.52
A	8.96	30.67	-21.71
BBB	12.78	14.04	-1.26
BB	5.69	0.00	5.68
B	2.38	-	2.38
Below B	0.13	-	0.13
Cash Offset	-1.34	-	-1.34
Not Rated	0.61	0.26	0.35
	100.00	100.00	

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.



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 think such an environment can be positive for active fixed income as long as resurgent inflation doesn’t force central banks back into a hiking cycle.

Although major global central banks have continued to cut short-term interest rates in 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*

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