

DEVON FUNDS.

For the informed investor.



DEVON GLOBAL SUSTAINABILITY FUND

MONTHLY REPORT: JANUARY 2025

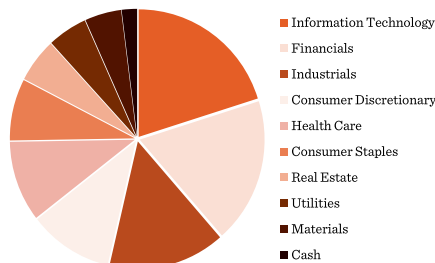
SUMMARY OF INVESTMENT OBJECTIVE

The **Devon Global Sustainability Fund** is actively managed and seeks to deliver long-term total returns in excess of the MSCI All Country World Index (50% hedged to NZD) by investing in the equities of 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. We 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 Fund targets net zero emissions by 2050 in alignment with the Paris Agreement.

KEY HOLDINGS



ASSET ALLOCATION



ALLOCATION

Wellington Global Stewards Fund NZD Unhedged	99.5%	Cash	0.5%
Currency Hedge	48.5%	Total	100%

PERFORMANCE

	1 Mth	3 Mth	1 Yr	2 Yr p.a
Devon Global Sustainability Fund	3.0%	6.6%	21.5%	18.3%
MSCI All Country World Index in NZD, 50% hedged to NZD	2.9%	8.0%	27.3%	22.5%

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

FUND PERFORMANCE AND ATTRIBUTION

The fund modestly outperformed the index for the period.

Security selection was the primary driver of relative outperformance. Strong selection in information technology and real estate was partially offset by selection in health care and consumer staples. Sector allocation, a result of our bottom-up stock selection process, modestly detracted from returns. Allocation effect was driven by our lack of exposure to communication services, but partially offset by our underweight to information technology and overweight to health care and financials. On a market basis, strong stock selection in Japan and United States was offset by selection in United Kingdom and France.

At the issuer level, our top two relative contributors were not owning NVIDIA and Apple, while our top two relative detractors were not owning Meta Platforms and an overweight to Diageo.

Shares of NVIDIA fell during the period after China's DeepSeek sparked concerns about increasing AI model efficiency, capex guidance, and the need for NVIDIA chips in developing competitive LLMs. Questions emerged over the exact cost and methods used by DeepSeek, and US officials launched a probe into whether the Chinese startup circumvented US chip restrictions by accessing advanced NVIDIA chips through Singapore.

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.

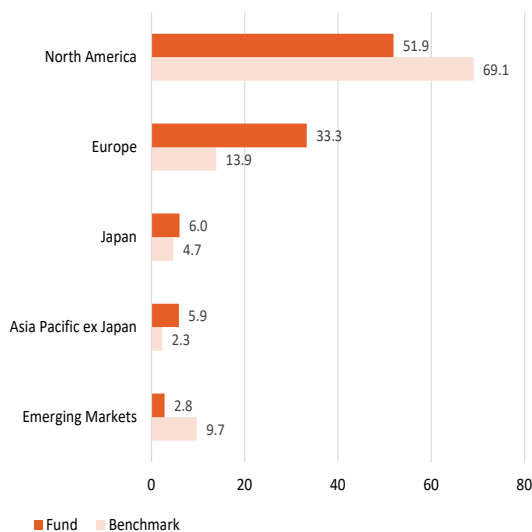


MARKET REVIEW

Global equities rose in January. The transition of power in the US brought meaningful changes to outlooks for foreign policy, trade dynamics, and economic growth. The Trump administration’s protectionist policies and territorial ambitions created a complex economic and political landscape that strengthened the US dollar and increased economic uncertainty, raising concerns about potential trade-related inflation. Against this backdrop, the US Federal Reserve held interest rates unchanged, while the European Central Bank and Bank of Canada lowered policy rates. Japan’s central bank raised rates for the third time since March 2024 following a prolonged pause. The US announced plans for a multi-hundred billion-dollar investment in the AI project “Stargate” with aims to invest heavily in AI infrastructure, but the release of two competitive large language models by Chinese startup DeepSeek caused investors to question the long-term monetization structure of the foundational large language models developed by US technology companies. Europe’s economy slowed in the fourth quarter, with the eurozone’s GDP rising just 0.8% in 2024. In contrast, US GDP grew by 2.8%, and China’s economy expanded by 5%, meeting the government’s official target. Canadian Prime Minister Justin Trudeau resigned as leader of the ruling Liberal Party and as prime minister. The Israel/Hamas ceasefire went into force, with Hamas releasing three hostages in exchange for 90 Palestinian prisoners.

The MSCI All Country World Index Net returned 3.4% (in USD terms) for the period. Within the index, 10 out of 11 sectors rose over the period. Communication services and health care were the top performing sectors, while information technology and real estate were the bottom performing sectors for the period.

REGIONAL DISTRIBUTION % OF EQUITY



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

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

FUND PERFORMANCE AND ATTRIBUTION (CONTINUED)

Shares of Meta Platforms rose over the period. The company reported fourth quarter results that beat expectations in earnings and revenue. CEO Mark Zuckerberg stated the company has made good progress on their initiatives in AI, smart glasses, and the future of social media and is confident for further progress in 2025. Meta is also planning investments in Meta AI and the development of Llama 4, an open-source AI model.

FUND POSITIONING AND OUTLOOK

At the end of the period, our largest overweights were consumer staples, health care and industrials. We were most underweight to communication services, which we had no exposure to. From a regional perspective, our largest overweight was Europe and we were most underweight to North America and Emerging Markets.

PORTFOLIO MANAGER

Mark Mandel

Mark Mandel is the lead portfolio manager and has full responsibility for investment decisions and leveraging the best long-term investment ideas from the firm’s global industry analysts and collaborating extensively with Wellington Management’s broad base of investment resources. Mark has 30 years of industry experience.

