

# DEVON FUNDS.

For the informed investor.



## DEVON GLOBAL SUSTAINABILITY FUND

MONTHLY REPORT: OCTOBER 2024

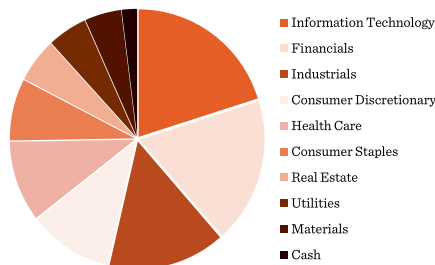
### SUMMARY OF INVESTMENT OBJECTIVE

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	100.4%	Cash	-0.4%*
Currency Hedge	51.4%	Total	100%

\*Includes negative P&L on foreign exchange contracts, which was addressed after month-end by the sale of portfolio assets to cover the losses.

### PERFORMANCE

	1 Mth	3 Mth	1 Yr	2 Yr p.a
Devon Global Sustainability Fund	-0.5%	2.1%	27.5%	18.8%
MSCI All Country World Index in NZD, 50% hedged to NZD	1.6%	2.4%	30.8%	19.9%

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

### FUND PERFORMANCE AND ATTRIBUTION

The Fund underperformed the index for the period.

Security selection was the primary driver of relative underperformance. Weak selection in information technology, consumer staples and materials was partially offset by selection in industrials. Sector allocation, a result of our bottom-up stock selection process, also detracted from returns. Allocation effect was driven by our lack of exposure to communication services and energy and overweight to consumer staples, but partially offset by our underweight to health care and overweight to financials. On a market basis, weak stock selection in the United States and France was modestly offset by selection in Singapore, Netherlands and Taiwan.

At the issuer level, our top two relative contributors were overweights to Northern Trust and Cisco Systems, while our top two relative detractors were not owning NVIDIA and an overweight to DSM-Firmenich.

The share price of financial services company, Northern Trust, rose in October after management delivered strong quarterly results citing higher fee income. Additionally, net interest income advanced 21% in the third quarter. Shares of NVIDIA rose over the period amid higher investor confidence in the demand for the company's next generation Blackwell chip.

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## MARKET REVIEW

Global equities remained steady for most of the month but sold off in the final days, as investors awaited key US elections, navigated heightened geopolitical tensions in the Middle East, and assessed ongoing policy easing measures. Favorable US economic data, including subdued inflation, drove expectations that the US Federal Reserve (Fed) may slow its pace of rate cuts. This sentiment was further emphasized by the notable rise in 10-year Treasury yields, which reached 4.28% in October, up from a 15-month low of 3.62% in late September, underscoring the market’s expectations for the pace of Fed rate cuts, positive economic indicators, and improved prospects for a soft landing. In Europe, third-quarter GDP exceeded expectations, and the European Central Bank lowered interest rates by 25 basis points, to 3.25%, amid waning inflation and a weak economic outlook. Emerging markets faced pressure from a stronger US dollar, while the conflict in the Middle East reached its one-year mark, with military strikes escalating between Israel and Iran.

The MSCI All Country World Index Net returned -2.2% for the period. Within the index, nine out of 11 sectors declined over the month. Materials and consumer staples were the bottom performing sectors, while financials and communication services were the top performing sectors over the month.

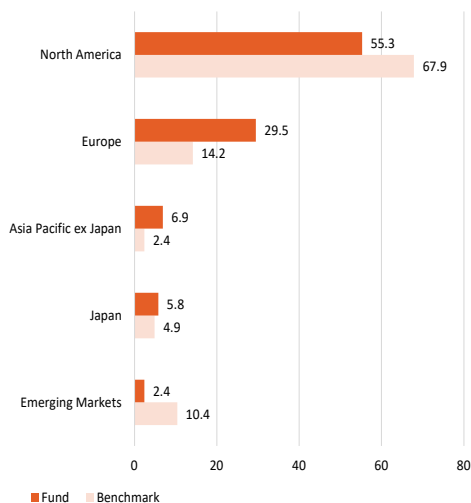
## FUND PERFORMANCE AND ATTRIBUTION (CONTINUED)

CEO Jensen Huang said in an interview during the month that demand for the chip is “insane”, easing recent concerns about engineering delays. Foxconn CEO Young Liu also made positive comments saying the demand for their servers based on the Blackwell chip was above expectations.

## FUND POSITIONING AND OUTLOOK

At the end of the period, our largest overweights were industrials, financials and consumer staples. We were most underweight to communication services and energy, neither of which we had exposure to. From a regional perspective, our largest overweight was Europe and we were most underweight to North America and Emerging Markets.

## REGIONAL DISTRIBUTION % OF EQUITY



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

## 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.

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