DEVON FUNDS.

For the informed investor.

DEVON GLOBAL IMPACT BOND FUND

MONTHLY REPORT: OCTOBER 2023

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)	6.70	6.40	0.31
Spread Duration (Years)	6.80	6.29	0.52
Credit Spread Duration (Years)	5.47	2.47	3.00
Yield to Worst	6.33	5.72	0.61
Average Quality	A+	AA-	

ALLOCATION

Wellington Global Impact Bond Fund NZD Hedged	99.5%	Cash	0.5%
Currency Hedge to NZD	100.0%	Total	100.0%

PERFORMANCE

	1 Mth	3 Mth	6 Mth	1 Yr
Devon Global Impact Bond Fund	-0.9%	-2.9%	-3.3%	1.1%
Bloomberg Global Aggregate Index Hedged NZD	-0.7%	-2.6%	-3.0%	1.3%

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

MARKET REVIEW

In October, geopolitically-charged events dominated headlines over the month as the rising conflict in the Middle East added to the uncertainty of the Russia-Ukraine war in Europe. Global sovereign yield movements were mixed during October, moving sharply higher in the US, Australia, and Japan, while most European yields were stable to modestly lower. Most fixed income sectors posted negative excess returns.

Global sovereign bond yields ended higher in most developed markets, particularly at the back end of yield curves, despite rising concerns on the Middle East conflict. US longer-tenor Treasury bonds led a sell-off after stronger-than-expected economic data further bolstered prospects of "higher for longer" interest rates. In Europe, the curve steepening trend extended from the prior month as front-end rates declined. In the UK, two-year gilt yields fell to a four-month low as investors scaled back expectations of the Bank of England raising interest rates.

Global credit markets underperformed duration-equivalent government bonds over the month as spreads widened. All three major sectors – financials, industrials, and utilities – generated negative excess returns. Broadly, municipal bonds underperformed duration-equivalent Treasuries. Within the securitized sectors, agency mortgage-backed securities, commercial mortgage-backed securities, and asset-backed securities each

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FUND PERFORMANCE AND ATTRIBUTION

The Fund generated a negative return during the month and modestly underperformed the Bloomberg Global Aggregate hedged to NZD index.

The Fund's positioning in securitized sectors had the largest negative impact on performance, particularly an overweight to agency MBS underperformed as their spreads widened on both higher interest rate volatility and rising US Treasury yields.

The Fund's positioning in select taxable municipals had a muted impact on relative results over the period.

The Fund's corporate credit positioning detracted from results as credit spreads widened over the month. At the broad sector level both high yield and US investment grade corporates underperformed duration-equivalent government bonds. An allocation to US high yield corporates hurt results as continued upward pressure on long-term rates, combined with central banks guiding toward a "higher for longer" rate environment weighed on investor sentiment. Credit derivatives exposure and an allocation to industrials focusing on the Digital Divide theme detracted the most. Positioning within developed non-US investment grade hurt performance slightly. An allocation to emerging markets high yield corporates, particularly industrials, modestly helped results.

The Fund's overweight to developed non-US government-related issuers hurt performance modestly. Overall duration/yield curve positioning hurt results over the month as sovereign yields rose.

MARKET REVIEW (CONTINUED)

underperformed duration-equivalent government bonds.

Several major central banks held rate setting meetings and most policy makers opted to keep rates unchanged. The Federal Reserve and the Bank of England held rates steady while reaffirming rate cuts were not currently considered.

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.

CONTRIBUTION TO DURATION YEARS

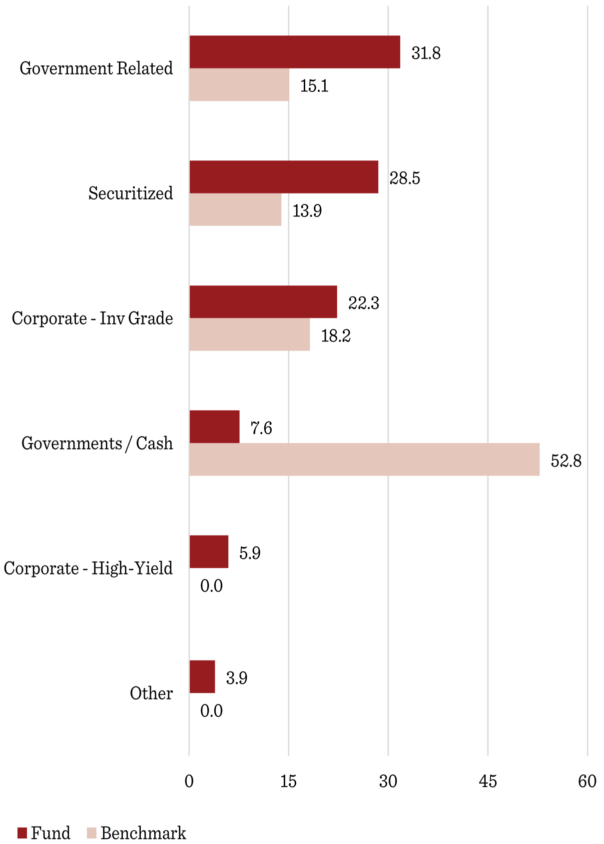
SECTOR	Account	Benchmark	Difference
Cash & Cash Equivalents	0.00	0.00	0.00
US Government	0.68	0.97	-0.29
Credit*	4.40	4.56	-0.16
Asset Backed Securities	0.01	0.01	0.00
Mortgage Backed	1.52	0.74	0.79
Commercial Mortgage	0.09	0.03	0.06
Other	0.00	0.09	-0.09
Cash Offset	–	–	–
	6.70	**6.40**	**0.31**

*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

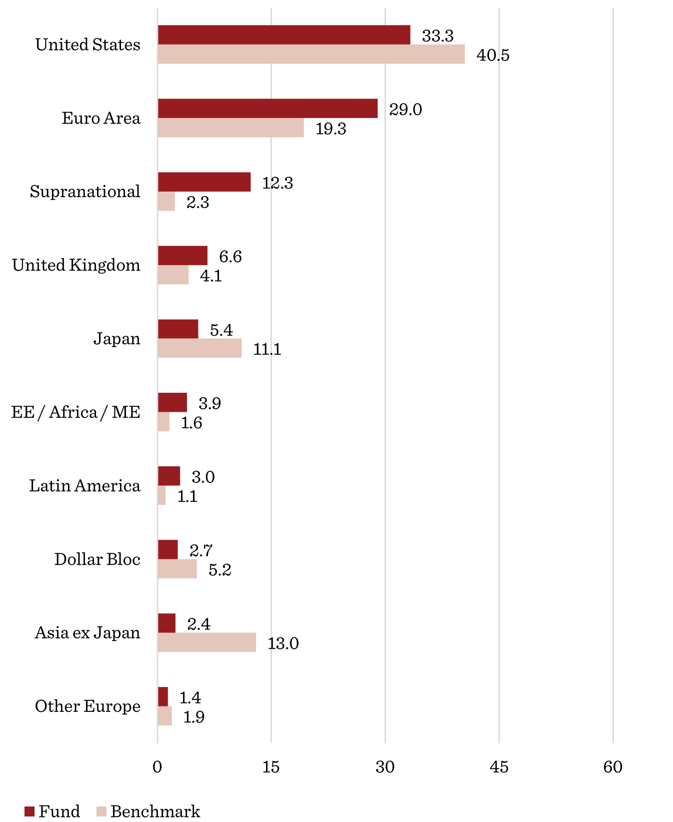
QUALITY	Account	Benchmark	Difference
Cash	-3.32	0.32	-3.64
AAA	26.69	11.68	15.01
AA	43.43	42.20	1.23
A	11.46	31.21	-19.75
BBB	14.36	14.30	0.05
BB	5.77	0.01	5.76
B	3.88	–	3.88
Below B	0.20	–	0.20
Cash Offset	-2.85	–	-2.85
Not Rated	0.37	0.27	0.10
	100.00	**100.00**	

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.

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FUND POSITIONING AND OUTLOOK

We believe the resilient consumer has delayed a US economic growth slowdown, indicating Fed policy may be working with a longer lag than past cycles, and that the effect of tighter lending standards will likely be uneven. The Fund is positioned for a steepening of yield curve and with a close to neutral credit risk profile, while preserving high-quality liquid instruments to take advantage of future dislocations.

From a sector perspective, the Fund is positioned with an overweight to select taxable municipals. The Fund has an underweight position to investment grade corporate issuers rated A and higher. The Fund holds select below Investment-grade corporates, Bank Loans, and EM debt. The Fund holds select green, social, and sustainable bonds supporting environmental and social projects aligned with our impact themes.

The Fund maintains the multifamily workforce housing allocation through agency MBS issuers with a focus on supporting housing affordability. We continue to hold select single-asset single borrower CMBS backed by LEED certified buildings.

The Fund maintains exposure to labelled government and agency bonds intended to fund green, social, and sustainability-related projects.

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