

DEVON FUNDS.

For the informed investor.



DEVON GLOBAL SUSTAINABILITY FUND

MONTHLY REPORT: OCTOBER 2023

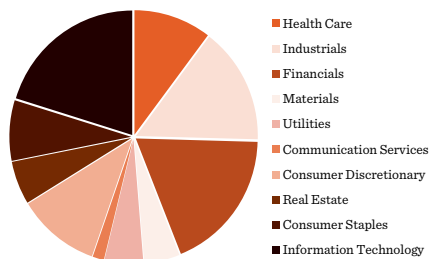
SUMMARY OF INVESTMENT OBJECTIVE

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	99.0%	Cash	1.0%
Currency Hedge	51.3%	Total	100.0%

PERFORMANCE

	1 Mth	3 Mth	6 Mth	1 Yr
Devon Global Sustainability Fund	-0.2%	-5.1%	-1.1%	10.7%
MSCI All Country World Index in NZD, 50% hedged to NZD	-1.3%	-5.6%	2.0%	9.9%

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

FUND PERFORMANCE AND ATTRIBUTION

The Devon Global Sustainability Fund outperformed its benchmark (the MSCI All Country World Index) in October.

Security selection was the primary driver of relative outperformance. Strong selection in financials, consumer staples and materials was partially offset by selection in real estate and industrials. Sector allocation, a result of our bottom-up stock selection process, also modestly contributed to returns. Allocation effect was driven by our overweight to utilities and lack of exposure to energy, but partially offset by our overweight to industrials and underweight to information technology and communication services. On a market basis, strong stock selection in United Kingdom, Netherlands and Hong Kong was modestly offset by selection in Japan and United States.

At the issuer level, our top two relative contributors were overweights to Progressive and DSM-Firmenich, while our top two relative detractors were overweights to Texas Instruments and Prologis.

Shares of Progressive rose over the period after the insurance provider reported earnings for the third quarter that topped consensus estimates. Net premiums written and net premiums earned both grew 20% year-over-year, while net realised losses and

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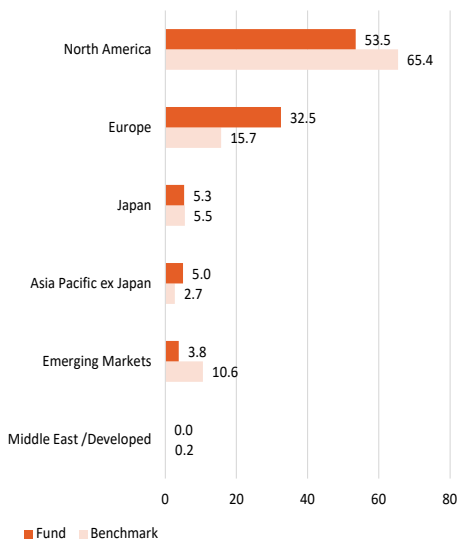


MARKET REVIEW

Global equities declined in October, as a rise in long-term government bond yields significantly tightened financial conditions. Inflation continued to fall in most countries and global economic growth was surprisingly resilient but uneven across countries and regions. After a lengthy cycle of aggressive interest-rate hikes, developed market central banks left interest rates unchanged against a backdrop of sharply higher borrowing costs, slowing inflation, and weaker economic growth expectations. The European Central Bank held interest rates stable for the first time since June 2022 amid faltering economic activity, while the US Federal Reserve indicated that a sustained rise in long-term Treasury yields could substitute for additional hikes in the Fed funds rate. The war between Israel and Hamas sparked fears of a broader escalation in military conflict in the Middle East, with the World Bank warning that a prolonged conflict could drive oil and food prices sharply higher. China's economy rebounded, with third-quarter GDP expanding by 4.9% from a year ago. Nonetheless, existing weakness in the property sector burdened the country's recovery and investor sentiment.

The MSCI AC World Net returned -3.0% (in local currency terms) over the period. Within the index, 10 out of 11 sectors declined for the month. Consumer discretionary and industrials were the bottom performing sectors, while utilities and information technology were the top performing sectors over the period.

REGIONAL DISTRIBUTION % OF EQUITY



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

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FUND PERFORMANCE AND ATTRIBUTION (CONTINUED)

the percentage of premiums paid out as claims and expenses shrank. Shares of Texas Instruments fell during the period after the company reported weak third quarter results with revenue missing analysts' expectations as industrial weakness broadened across sectors. Management noted that Japan was the only region that saw growth year-over-year as profitability fell. Guidance underwhelmed with the revenue outlook for the next quarter coming in below estimates.

FUND POSITIONING AND OUTLOOK

At the end of the period, our largest overweights were industrials and financials. We were most underweight to communication services and had no exposure to energy. 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.

