

A month of contrasts

By Greg Smith, Head of Retail at Devon Funds.

The month of August was a contrasting one for markets with concerns over global economic growth, the persistence of inflation, and central bank tightening largely easing the more the month wore on. The earnings season in the Northern Hemisphere was largely positive, with the majority of companies beating earnings expectations, and outlook statements upbeat in many cases.

The earnings season down under was somewhat disparate with Australia seeing some strong earnings beats, and optimism around the outlook. The results season in New Zealand was arguably less convincing, with more caution around the economic environment reflected in the performance of the NZX50 vs the ASX200. While not everything went to script, this was largely to the benefit of the Devon funds which currently have a tactical overweight position in Australia relative to New Zealand. The NZX50 fell 4.2% during the month, while the ASX200 declined a lesser 0.7%.

In the US, the technology sector finished the month strongly, with AI being the acronym “du jour” for many investors. The Nasdaq still dipped 2.2% during the month, despite AI darling Nvidia hitting a record high, and reaching a market cap of US\$1.2 trillion. The S&P500 and Dow were down 1.6% and 2.4% respectively. In Asia, the Chinese market staged a comeback towards the end of the month as a number of stimulus measures were unveiled by officials.

It wouldn't be a month in markets without investors being provided with something to be wary about. Ratings agencies answered the call, with Fitch downgrading US debt (albeit from the highest rating possible). Fitch said that the decision was not so much about the here and now, but...[READ MORE](#)

MARKET INDICES

Index	Region	Monthly Return 1 Yr. Return	
S&P/NZX50G	NZ	-4.2%	-0.4%
S&P/ASX200G	AUSTRALIA	-0.7%	9.6%
MSCI World Index	GLOBAL	-2.3%	16.2%
S&P500	USA	-1.6%	15.9%
FTSE100	UK	-2.5%	6.2%
NIKKEI 225	JP	-1.6%	18.8%
NZ 90 Day Bank Bill	NZ	0.5%	4.7%
Bloomberg Global Aggregate Index (NZD)	GLOBAL	-0.2%	-0.2%

AT A GLANCE

Prices as at 31 August 2023

DEVON ALPHA FUND	\$2.2498
DEVON AUSTRALIAN FUND	\$1.6422
DEVON DIVERSIFIED INCOME FUND	\$1.4291
DEVON DIVIDEND YIELD FUND	\$1.8607
DEVON GLOBAL IMPACT BOND FUND	\$1.3513
DEVON GLOBAL SUSTAINABILITY FUND	\$1.6494
DEVON TRANS-TASMAN FUND	\$4.6078
DEVON SUSTAINABILITY FUND	\$3.2053
ARTESIAN GREEN & SUSTAINABLE BOND FUND	\$1.0170

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DEVON ALPHA FUND

FUND OUTLINE

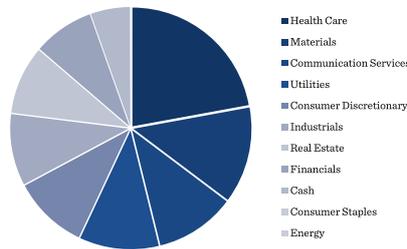
The **Alpha Fund** invests in a concentrated portfolio of approximately 10 to 15 select companies predominantly listed on the NZ and Australian share markets.

The Fund does not follow any index, is actively managed and aims to generate capital growth over the long term. Currency exposure is actively managed.

KEY HOLDINGS



ASSET ALLOCATION



ALLOCATION

New Zealand Equities	30.6%	Cash	5.4%
Australian Equities	64.0%	Total	100.0%
Currency Hedge	0.0%		

PERFORMANCE

	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	Since Inception
Devon Alpha Fund	-1.2%	3.0%	7.0%	10.8%	7.7%	9.2%
OCR + 5%	0.9%	2.6%	9.9%	3.7%	2.7%	2.2%

Devon Alpha Fund returns are after all fees and expenses, but before tax which varies by investor.
*The benchmark for Alpha changed to OCR + 5% from 1 September 2022

NET PERFORMANCE

Based on \$10,000 invested at 1 January 2011



NOTE: Further information on the Devon Alpha Fund can be found in our Quarterly Fund Updates by visiting <https://devonfunds.co.nz/alpha-fund> or by clicking [HERE](#)

COMMENTARY

Against a global backdrop of weaker equity markets, this strategy did unfortunately generate a negative absolute return for the month. Although it did notably outperform local indexes, relative returns are not the objective of this portfolio and as such we were disappointed with the outcome. Given that it was the earnings reporting season across New Zealand and Australia, there was a substantial amount of corporate news to digest which resulted in a material lift in volatility across different stocks and sectors. Amongst our best experiences though was Goodman Group. This stock rallied 13.7% during August after reporting their FY23 net profit of \$1.78bn, growth of 16%. Encouragingly their margins remain healthy, and they completed almost \$7bn in new developments during the year. Of particular interest to investors was the progress they have made in their development pivot towards data centres. They now have a pipeline in this area of three gigawatts, which will support growth and value for the company.

PORTFOLIO MANAGER

Slade Robertson



Slade has primary responsibility for stock selection and portfolio construction for the Alpha, Australian and Diversified Income funds. Slade is also the Managing Director at Devon and has overall responsibility for the business. Slade has over 20 years' industry experience.



DEVON TRANS-TASMAN FUND

FUND OUTLINE

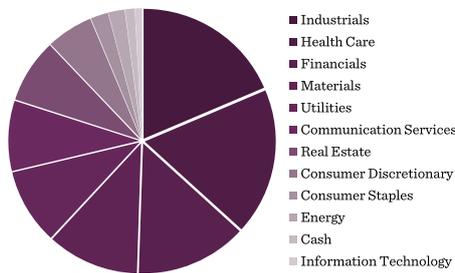
The **Trans-Tasman Fund** provides a broad and actively managed exposure to the New Zealand and Australian equity markets.

This Fund invests in a select portfolio of well researched companies, which are primarily New Zealand and Australian listed companies. The Australian dollar currency exposure is typically unhedged.

KEY HOLDINGS



ASSET ALLOCATION



ALLOCATION

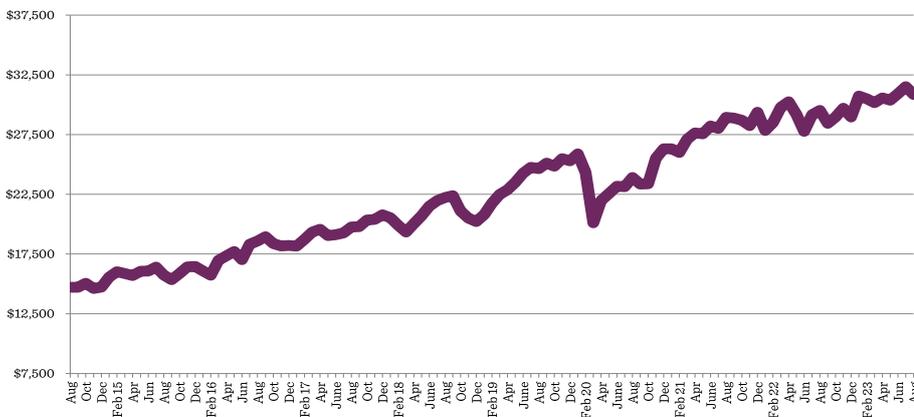
New Zealand Equities	44.5%	Cash	1.2%
Australian Equities	54.3%	Total	100.0%

PERFORMANCE	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	Since Inception
Devon Trans-Tasman Fund	-2.2%	1.4%	4.4%	8.8%	6.7%	8.4%
50:50 NZX50 Gross & ASX200 Index Unhedged	-2.2%	1.2%	3.1%	4.7%	5.7%	8.9%

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

NET PERFORMANCE

Based on \$10,000 invested at 1 January 2011



NOTE: Further information on the Devon Trans-Tasman Fund can be found in our Quarterly Fund Updates by visiting <https://devonfunds.co.nz/trans-tasman-fund> or by clicking [HERE](#)

COMMENTARY

The Trans-Tasman Fund finished broadly in line with its underlying benchmark. Positive contributors to our performance included Goodman Group (+13.7%), Light & Wonder (+12.3%) and Brambles (+6.4%). Brambles delivered a strong FY23 result with revenue and underlying profit up 14% and 19% respectively. Guidance for FY24 of sales revenue growth of between 6-8% at constant currency and underlying profit growth of between 9-12%, were well received by investors. In addition, positive comments from management about ongoing operating leverage and improving free-cash generation suggest the business is finally delivering to its potential. We see further scope for the business to re-rate.

A key detractor during the month was Precinct Properties (-8.5%). While the portfolio is significantly underweight New Zealand REITS our holding in Precinct was impacted by news flow that both major political parties would reverse out the depreciation allowance on commercial buildings. The assessment is this would reduce earnings for the majority of the sector by around 5%.

PORTFOLIO MANAGER

Tama Willis



After a long period in international investment markets, Tama returned to NZ after a very successful career in London and Singapore to join Devon's investment team. Tama holds primary responsibility for Devon's Trans-Tasman Fund. Tama is widely regarded as a leading expert on resource and mining stocks.



DEVON AUSTRALIAN FUND

FUND OUTLINE

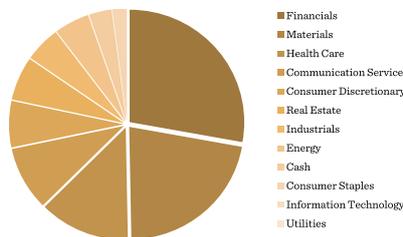
The **Australian Fund** invests in a select portfolio of companies, which are primarily Australian listed companies.

The Australian market is much larger than the New Zealand market and offers exposure to a number of sectors that are not available in New Zealand. The Australian dollar currency exposure of this Fund is typically unhedged.

KEY HOLDINGS



ASSET ALLOCATION



ALLOCATION

New Zealand Equities	0.0%	Cash	3.2%
Australian Equities	96.8%	Total	100.0%

PERFORMANCE	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	Since Inception
Devon Australian Fund	-0.3%	4.9%	7.2%	11.7%	5.4%	7.6%
ASX200 Index Gross (NZD)	-0.3%	4.7%	6.6%	10.5%	7.0%	7.1%

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

NET PERFORMANCE

Based on \$10,000 invested at 1 January 2011



NOTE: Further information on the Devon Australian Fund can be found in our Quarterly Fund Updates by visiting <https://devonfunds.co.nz/australian-fund> or by clicking [HERE](#)

COMMENTARY

This portfolio performed broadly in-line with its benchmark during the month. As investors navigated their way through the multitude of corporate earnings announcements, the ASX200 did trade lower by -0.3%, although there were some notable highlights for this strategy. These included James Hardie and Goodman Group which rallied 7.0% and 13.7% respectively. Another important contributor was AUB Holdings, which finished August up 7.5%. AUB announced an upgrade to their guidance earlier in the month, prior to the official release of their results. The upgrade came after strong trading performance during May to June this year, and better-than-expected outcomes being delivered from their recently acquired UK business, Tysers. AUB management lifted their FY23 profit expectation to \$129m, from the prior range of \$120m - \$124m. Their final results were consistent with this and were accompanied by guidance for FY24 of growth between 19.3% to 27.0%.

PORTFOLIO MANAGER

Slade Robertson



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is also the Managing Director at Devon and has overall responsibility for the business. Slade has over 20 years' industry experience.



DEVON DIVIDEND YIELD FUND

FUND OUTLINE

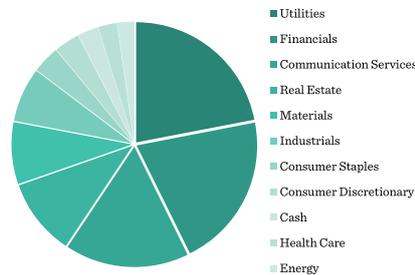
The **Devon Dividend Yield Fund** invests in a carefully selected portfolio of New Zealand and Australian listed companies.

These stocks are chosen for their attractive dividend yields and growth prospects with the aim of maintaining the dividend yield and capital value in real terms. The Australian dollar currency exposure is typically fully hedged.

KEY HOLDINGS



ASSET ALLOCATION



ALLOCATION

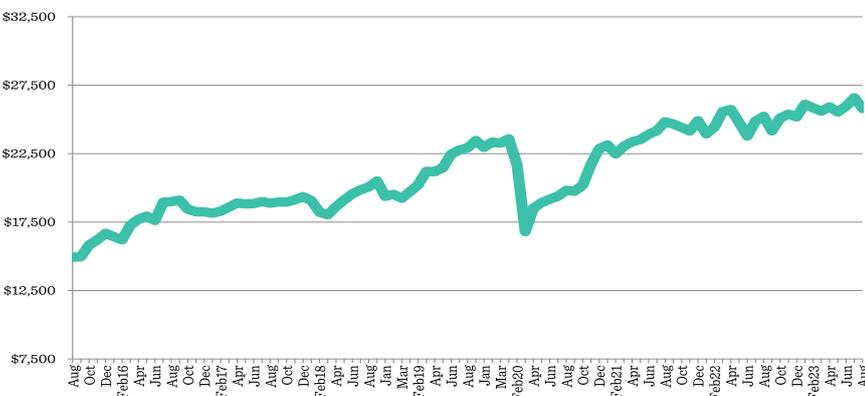
New Zealand Equities	62.4%	Cash	2.8%
Australian Equities	34.8%	Total	100.0%
Currency Hedge	94.7%	Yield	6.1%

PERFORMANCE	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	Since Inception
Devon Dividend Yield Fund	-3.0%	1.0%	2.3%	9.2%	5.2%	9.4%
50:50 NZX50 & ASX200 Index Gross	-2.4%	0.9%	4.6%	4.8%	5.7%	10.2%

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

NET PERFORMANCE

Based on \$10,000 invested at 1 January 2011



NOTE: Further information on the Devon Dividend Yield Fund can be found in our Quarterly Fund Updates by visiting <https://devonfunds.co.nz/dividend-yield-fund> or by clicking [HERE](#)

COMMENTARY

Our investment in Spark New Zealand delivered a solid set of results which were in line with consensus estimates. Additionally, its guidance forecasts projected further growth in dividends for FY24, all of which is now fully imputed for New Zealand investors. Spark is currently forecast to deliver a gross yield of approximately 7.6%. The result reflected a more rational mobile market with roaming revenues recovering alongside global travel, supported by ongoing cost control. Future growth is supported by positive free cash flow of \$489m and a strong balance sheet, resulting from the sale of its tower infrastructure assets.

Separately, the sale of Vector's meters business resulted in net proceeds of \$1.7bn for the company, reducing debt considerably whilst also allowing for a special dividend of 5.5cps, in addition to its final dividend of 8.5cps.

PORTFOLIO MANAGER

Mark Brown



Mark has primary responsibility for stock selection and portfolio construction for the Dividend Yield Fund, Sustainability Funds and the New Zealand Equity fund. Mark is also responsible for overseeing the overall research and investment process at Devon.



DEVON DIVERSIFIED INCOME FUND

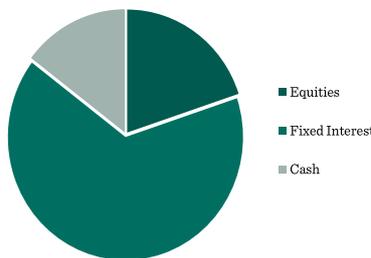
FUND OUTLINE

The **Devon Diversified Income Fund** aims to give New Zealanders access to a diverse and good quality portfolio of high yielding investments. The Fund aims to generate better-than-bank income rates by investing in a carefully selected portfolio of government and corporate bonds, cash, listed property, infrastructure, utility companies, high yielding equities, credit securities and other yielding financial assets.

KEY HOLDINGS



ASSET ALLOCATION



ALLOCATION

New Zealand Equities	17.9%	Bonds	58.9%
Australian Equities	10.0%	Cash	13.2%

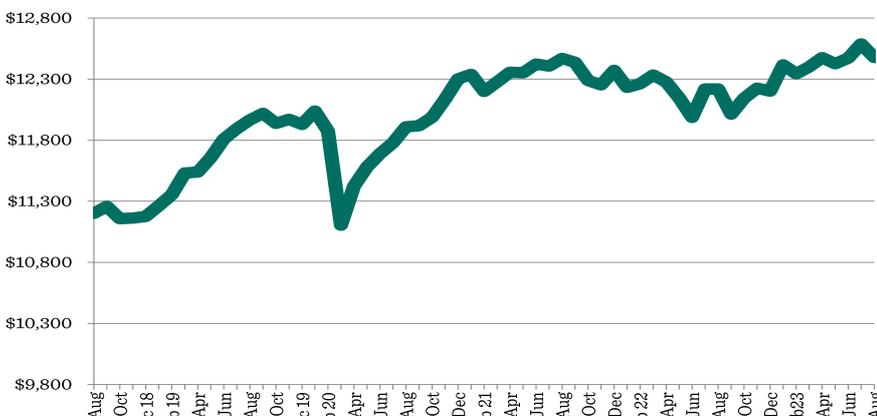
PERFORMANCE

	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	Since Inception
Devon Diversified Income Fund	-0.9%	0.4%	2.1%	1.6%	2.2%	3.1%
OCR + 1.5%	0.6%	1.8%	6.2%	3.6%	3.2%	2.9%

Devon Diversified Income Fund returns are after all fees and expenses, but before tax which varies by investor. Inception date for the Fund is 1 January 2016.

NET PERFORMANCE

Based on \$10,000 invested at 1 January 2016



NOTE: Further information on the Devon Diversified Income Fund can be found in our Quarterly Fund Updates by visiting <https://devonfunds.co.nz/diversified-income-fund> or by clicking [HERE](#)

COMMENTARY

Global bonds were reasonably volatile during the month with the yield on US Treasuries rallying from 3.98% in late July to close August at 4.12%. Much of the focus for investors was on the comments being made by Fed Chairman, Jerome Powell, at the Jackson Hole Economic Symposium. Despite acknowledging that US inflation is well past its peak, Powell did highlight, depending on the data, a willingness to potentially raise rates further and to maintain restrictive policy settings until the Fed were confident that inflation was moving down sustainably towards their targets. Also of particular focus for investors was the growth challenges being faced by China. During the month economic forecasts were downgraded by many, as the Chinese government dealt with an ongoing slowdown in property construction and a youth unemployment rate which now sits somewhere between 21% and 46%. Although there were some announcements by the Politburo around policy support, many are concerned these will be insufficient.

PORTFOLIO MANAGER

Slade Robertson



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DEVON SUSTAINABILITY FUND

FUND OUTLINE

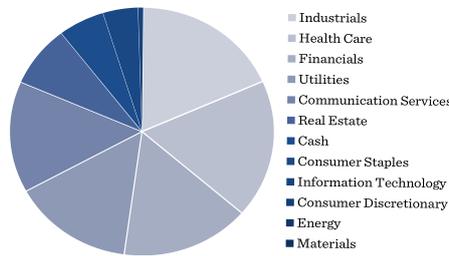
The **Devon Sustainability Fund** invests in a select portfolio of well researched New Zealand and Australian listed companies.

The Fund looks to invest in companies that score highly on overall environmental, social and corporate governance performance. The Fund also employs an ethical screen which will prohibit investment into certain companies and sectors.

KEY HOLDINGS



ASSET ALLOCATION



ALLOCATION

New Zealand Equities	57.7%	Cash	5.7%
Australian Equities	36.6%	Total	100.0%

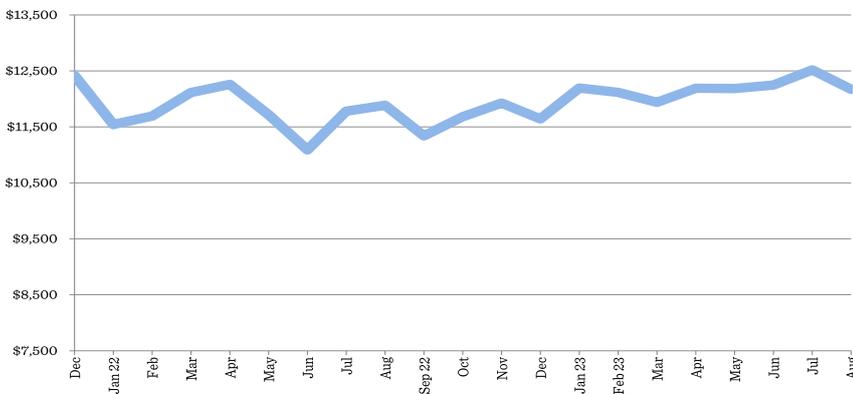
PERFORMANCE

	1 Mth	3 Mth	1 Yr p.a	2 Yr p.a	Since Inception
Devon Sustainability Fund	-2.8%	-0.1%	2.4%	-1.4%	6.7%
50:50 NZX50 Portfolio Index & ASX200 Index	-2.4%	1.1%	3.7%	-1.8%	6.4%

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

NET PERFORMANCE

Based on \$10,000 invested at 31 August 2020



NOTE: Further information on the Devon Sustainability Fund can be found in our Quarterly Fund Updates by visiting <https://devonfunds.co.nz/devon-sustainability-fund/> or by clicking [HERE](#)

COMMENTARY

During August the Sustainability strategy underperformed the index by 0.4%, down -2.8%. Top contributors were Carsales (15.6%), Goodman Group (13.7%) and Tourism Holdings (9.3%). Meanwhile, key detractors were Vista Group (-18.7%), Fletcher Building (-13.4%) and Ramsay Healthcare (-12.7%). It was a challenging month for markets with both Australian and New Zealand stock indices finishing the month down, as a number of companies reported weaker results than anticipated. However, we continue to find good ideas. Carsales has been a strong performer in the strategy for an extended period of time, up 41% year to date. Following their good result in August, which had an outlook statement above expectations, we took some profits in the name. We continue to believe that this is a high-quality business, with several favourable dynamics which will drive double digit earnings growth over the medium term.

PORTFOLIO MANAGER

Mark Brown



Mark has primary responsibility for stock selection and portfolio construction for the Dividend Yield Fund, Sustainability Funds and the New Zealand Equity fund. Mark is also responsible for overseeing the overall research and investment process at Devon.

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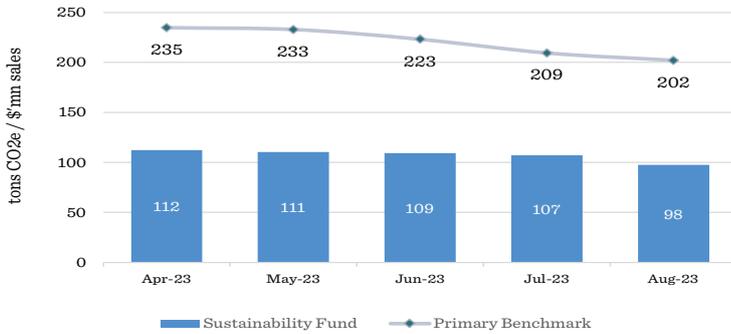
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DEVON SUSTAINABILITY FUND

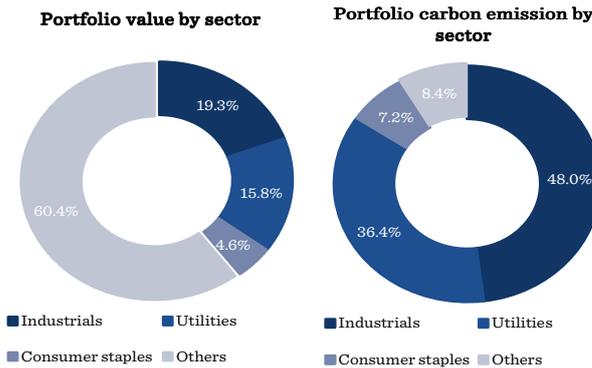
CARBON INTENSITY - PORTFOLIO VS BENCHMARK

Carbon Intensity - Portfolio vs Benchmark



PORTFOLIO CARBON EMISSIONS BY KEY SECTORS

Portfolio Carbon Emissions by Key Sectors



The industrials, utilities, and consumer staples sectors make up 40.3% of the portfolio by value, but they account for 91.6% of the carbon emissions in the portfolio.

ESG PORTFOLIO SUMMARY

	MSCI ESG Ratings	MSCI ESG Quality score	
Portfolio	AA	7.83	Portfolio Sustainability Fund
Benchmark	AA	7.48	Primary Benchmark 50:50 composite S&P/NZX50 Portfolio Index & S&P/ASX200G Index

PERFORMANCE	1 Mth	3 Mth	6 Mth	1 Yr	Since Inception
ESG relative performance	4.7%	4.2%	5.0%	9.5%	6.7%

*ESG Relative Performance is the MSCI ESG Score of the Devon Sustainability fund compared to the MSCI ESG Score of the Benchmark

PORTFOLIO HOLDING'S DISCLOSURE SUMMARY

Portfolio Holding's Summary

% of companies reporting to TCFD standards	86.1%
% of companies committed to Net Zero	61.1%
% of companies committed to Carbon Neutral	8.3%
% of companies with no commitment to either	30.6%

CLIMATE CHANGE RISK BY PORTFOLIO HOLDINGS

% of holding companies reporting Scope 1 emissions	97.22%
% of holding companies reporting Scope 2 emissions	97.22%
% of holding companies reporting Scope 3 emissions	72.22%

STEWARDSHIP

August has been a busy reporting season with many companies providing updates on their decarbonisation strategies. Companies reported on their emission reductions and in some cases set new targets. Of the companies held within the Devon Sustainability Fund portfolio we were pleased to see EBOS and Spark report emission reductions:

- EBOS achieved carbon neutrality for Scope 1 emissions in FY23 (with the use of offsets)

- Spark reported Scope 1 and 2 emissions were down 29.8% vs FY22

We were also pleased to see A2 Milk, Seek, and Stockland announce new targets:

- A2 Milk announced they have refined their Scope 3 reduction plan to include an interim goal of reducing emissions intensity by 30% by 2030

- Seek set a new interim emissions reductions target which is to reduce emissions by 40% across all Scopes (1, 2 and 3) by 2025

- Stockland issued a Net Zero target by 2025 for Scope 1 and 2 emissions, as well as aiming to halve most material Scope 3 emissions intensity by 2030

PORTFOLIO MANAGER

Mark Brown



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DEVON GLOBAL IMPACT BOND FUND

DURATION

Sector	Contribution to Duration (Years)		
	Account	Benchmark	Difference
Cash & Cash Equivalents	-0.00	0.00	-0.00
US Government	0.62	1.01	-0.39
Credit*	4.52	4.69	-0.17
Asset Backed Securities	0.01	0.01	0.00
Mortgage Backed	1.22	0.70	0.52
Commercial Mortgage	0.08	0.03	0.05
Other	0.00	0.09	-0.09
Cash Offset	-	-	-
	6.46	6.53	-0.07

The Fund invests into the Wellington Global Impact Bond Fund, managed by Wellington Management. Wellington Management is one of the world's leading investment management firms with over US\$1 trillion in assets under management worldwide across a broad range of asset classes. They have been providing innovative investment solutions to clients for more than 85 years. Wellington Management seeks to understand the world's social and environmental problems and to identify and invest primarily in debt issued by companies and organisations that they believe are addressing these needs in a differentiated way through their core products, services and projects. The Wellington Global Impact Bond Fund aims to improve access to, and the quality of, basic life essentials, reduce inequality and mitigate the effects of climate change.

CREDIT RATING

Quality	Percent of Market Value		
	Account	Benchmark	Difference
Cash	1.83	0.31	1.52
AAA	26.53	11.54	14.99
AA	40.16	42.65	-2.48
A	11.59	30.88	-19.30
BBB	13.17	14.34	-1.17
BB	4.83	0.01	4.83
B	3.56	0.00	3.56
Below B	0.23	-	0.23
Cash Offset	-2.54	-	-2.54
Not Rated	0.64	0.27	0.37
	100.00	100.00	

They seek to identify securities which it believes fall into three primary impact categories: life essentials, human empowerment and the environment. Within these categories the Fund will invest across "Impact Themes" including, but not limited to the following:

Life Essentials: affordable housing, clean water and sanitation, health, sustainable agriculture and nutrition.

Human Empowerment: digital divide, education and job training, financial inclusion, safety and security.

Environment: alternative energy, resource efficiency and resource stewardship.

*Duration & Credit Rating as at 31 August 2023

DEVON GLOBAL SUSTAINABILITY FUND

The Fund invests into the Wellington Global Stewards Fund, managed by Wellington Management. Wellington Management is one of the world's leading investment management firms with over US\$1 trillion in assets under management worldwide across a broad range of asset classes. They have been providing innovative investment solutions to clients for more than 85 years. Wellington Management seeks to invest in 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. Wellington 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 underlying Wellington Fund differentiates itself by:

Long-term horizon – the intention is to hold stocks for over 10 years. The belief is the longer the holding period, the greater the potential performance benefits from superior stewardship.

Highly selective – typically 35-45 stocks, only relying on their own internal ESG research.

Active engagement – holding those in charge of investee companies to account and encouraging companies to commit to net zero carbon emissions by 2050 in alignment with the Paris Agreement.

PERFORMANCE	1 Mth	3 Mth	6 Mth	1 Yr	Since Inception
Devon Global Impact Bond Fund	-0.2%	-0.2%	1.9%	-0.2%	-3.5%
Bloomberg Global Aggregate Index Hedged NZD	-0.2%	-0.1%	2.1%	-0.2%	-3.1%

PERFORMANCE	1 Mth	3 Mth	6 Mth	1 Yr	Since Inception
Devon Global Sustainability Fund	0.2%	4.8%	8.8%	16.3%	6.9%
MSCI All Country World Index in NZD, 50% hedged to NZD	-0.2%	6.9%	12.7%	14.8%	5.0%

*Benchmark performance figure is indicative only and will be finalised in the mid month report

KEY HOLDINGS*



*Key Holdings as at 31 August 2023

Please note that monthly reports will be produced for the Devon Global Impact Bond Fund and Devon Global Sustainability Fund later this month. These reports will include data on top holdings, performance, asset allocation, and fund commentaries. These reports will be sent out separately from those for Devon's other retail funds each month and will be available on the Devon Funds website.

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www.devonfunds.co.nz



ARTESIAN GREEN AND SUSTAINABLE BOND FUND (NZD)

FUND OUTLINE

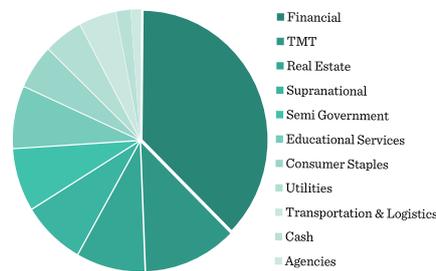
The **Artesian Green and Sustainable Bond Fund (NZD)** offers New Zealand-based investors a Portfolio Investment Entity (PIE) vehicle through which to invest in the Artesian Green and Sustainable Bond Fund (AUD).

Through this structure, the Fund will invest in a diversified portfolio of liquid, predominately investment grade fixed and floating rate green and sustainable corporate bonds. Artesian are committed to integrating ESG into their investment processes, with a focus on responsible investment.

KEY HOLDINGS



ASSET ALLOCATION



ALLOCATION

Artesian Green & Sustainable Bond Fund (AUD)	97.9%	Cash	2.1%
Currency Hedge (100% to NZD)	98.8%	Total	100.0%

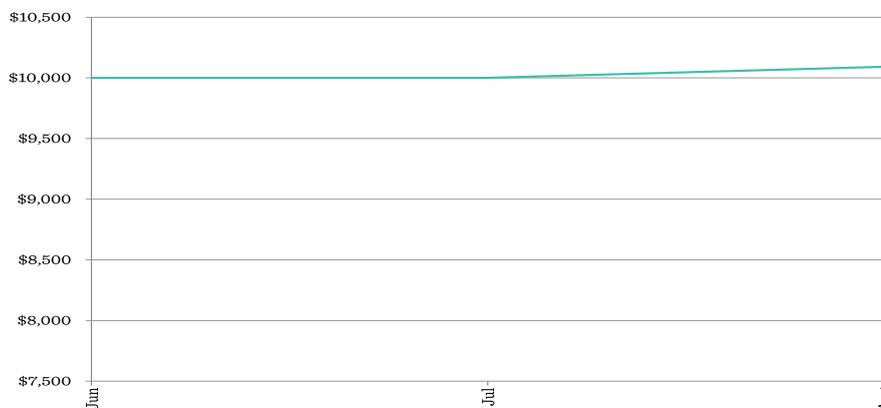
PERFORMANCE

	1 Mth	Since Inception
Artesian Green & Sustainable Bond Fund (AUD)	0.9%	1.7%
Bloomberg AusBond Composite 0-5 Yr Index 100% Hedged to NZD	0.8%	1.7%

Artesian Green & Sustainable Bond Fund (NZD) returns are after all fees and expenses, but before tax which varies by investor.

NET PERFORMANCE

Based on \$10,000 invested at 30 June 2023



NOTE: Further information on the Artesian Green Fund can be found in our Quarterly Fund Updates by visiting <https://devonfunds.co.nz/artesian-green-and-sustainable-bond-fund-nzd> or by clicking [HERE](#)

COMMENTARY

Another solid month of performance for the Fund in August. There was a notable pick up in volatility due to the renewed stress in the Chinese property market. Although the US was downgraded by Fitch to AA+, this had very little effect on the US or markets more generally. Government bond yields finished marginally higher in the long end of the curve, yet front end yields were unchanged, leading to steeper yield curves. Credit spreads drifted marginally tighter and there was notable spread compression on some corporate bonds issued throughout the month which aided returns.

The Fund's outperformance versus benchmark in August was driven by the overweight credit duration positioning. The Fund's running yield of 4.84% versus the benchmark of 4.12%, also positively contributes to the out-performance on a monthly basis. There was outperformance from +85% of the Fund's bond positions in August. Outperformance was achieved by the Fund's positions in La Trobe University (Green), QIC Shopping Centre Fund (Green), Transpower (Green) and Woolworths (Green & SLB). Under-performance came from the Fund's positions in Australian Postal Corporation (Sustainable), ANZ (Sustainable), Industrial Bank of Korea (Green) and Western Australia Treasury Corporation (Green).

PORTFOLIO MANAGER

David Gallagher

David joined Artesian in June 2013. Prior to joining Artesian, David spent nine years in the United Kingdom working for Deutsche Bank and RBS. David has extensive risk and portfolio management trading experience.



In David's previous role with RBS, David managed a credit portfolio with outright risk ranging between £1-2.5 billion.