

### Meeting half-way

An interest piece written by Greg Smith, Head of Distribution at Devon Funds.

June saw a continuation of this year's themes, with US equity markets continuing their 20-month bull run, led by the technology sector, and AI-related names in particular. It was another month of milestones. The S&P500 (+3.6%) made a new record high, as did the Nasdaq (+6%). Nvidia powered on, surpassing US\$3 trillion in market cap, and becoming for a brief period the most valuable company in the world. Microsoft and Apple both though quickly regained their spots, again driven by AI themes.

However central banks started to diverge, with inflation proving less persistent in some large economies than others. The Fed continued to promote a line of "patience" with respect to monetary easing, but the European Central Bank cut interest rates, as did officials in Switzerland and Canada.

Rates might meanwhile be going the other way in Australia, with monthly CPI numbers surprising on the upside. Kiwi investors were left guessing to a certain extent on how inflation is tracking, but had cause to celebrate, with a 20-year power deal at Tiwai, and the economy emerging from technical recession. Some more fundamental challenges remain. The NZX50 was 1.3% lower for the month, while the ASX200 performed better with a 1% gain in June.

AI has been a dominant theme this year and has arguably driven the Fed to the back seat of investor considerations, even if the market strength has been concentrated in a few super-cap names. At the start of 2024 markets were pricing in 5-6 rate cuts by the Fed. This has narrowed to the...[READ MORE](#)

### MARKET INDICES

Index	Region	Monthly Return	1 Yr. Return
S&P/NZX50G	NZ	-1.3%	-1.7%
S&P/ASX200G	AUSTRALIA	1.0%	12.1%
MSCI World Index	GLOBAL	2.1%	20.8%
S&P500	USA	3.6%	24.6%
FTSE100	UK	-1.1%	12.8%
NIKKEI 225	JP	3.0%	21.5%
NZ 90 Day Bank Bill	NZ	0.5%	5.8%
Bloomberg Global Aggregate Index (NZD)	GLOBAL	0.9%	3.8%

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### AT A GLANCE

Prices as at 30 June 2024

DEVON ALPHA FUND	\$2.2585
DEVON AUSTRALIAN FUND	\$1.7438
DEVON DIVERSIFIED INCOME FUND	\$1.4485
DEVON DIVIDEND YIELD FUND	\$1.8081
DEVON GLOBAL IMPACT BOND FUND	\$1.3608
DEVON GLOBAL SUSTAINABILITY FUND	\$1.9000
DEVON TRANS-TASMAN FUND	\$4.6818
DEVON SUSTAINABILITY FUND	\$3.2196
ARTESIAN GREEN & SUSTAINABLE BOND FUND	\$1.0371

### IN THIS REPORT

Market Commentary .....	Page 1
At a Glance .....	Page 1
<b>Devon Fund Summaries</b>	
Alpha Fund .....	Page 2
Trans-Tasman Fund .....	Page 3
Australian Fund .....	Page 4
Dividend Yield Fund .....	Page 5
Diversified Income Fund .....	Page 6
Sustainability Fund .....	Page 7
ESG Insights .....	Page 8
Devon Global Impact Fund .....	Page 9
Devon Global Sustainability Fund .....	Page 9
Artesian Green Bond Fund .....	Page 10



## DEVON ALPHA FUND

## FUND OUTLINE

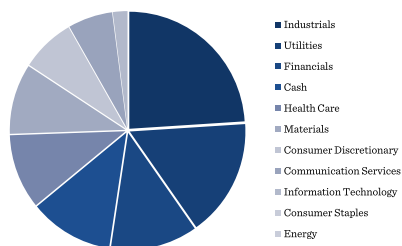
The **Alpha Fund** invests in a concentrated portfolio of approximately 10 to 15 select companies predominantly listed on the NZ and Australian share markets.

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	34.6%	Cash	11.8%
Australian Equities	53.6%	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	0.7%	-3.7%	4.2%	6.0%	7.5%	8.9%
OCR + 5%	0.9%	2.6%	10.9%	6.6%	4.2%	2.4%

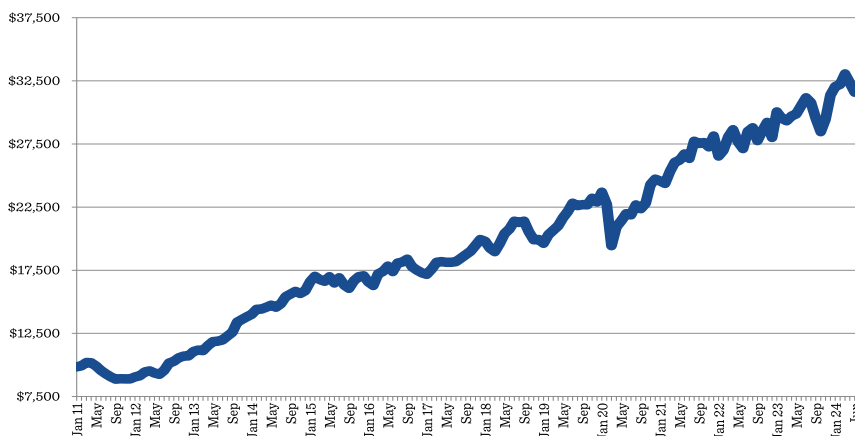
\*Devon Alpha Fund returns are after all fees and expenses, but before tax which varies by investor.

\*\*The benchmark for Alpha changed to OCR + 5% from 1 September 2022.

\*\*\*Fund and benchmark performance figures as at 27th June.

## 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

The Alpha strategy enjoyed solid performance during June with a number of our investments making important contributions. These included Telstra which rallied 4.3% and Macquarie Group, closing the month up 7.2%. Of additional note was James Hardie who hosted a two-day investor event to explain their operational strategies and targets in the North American market. This included their assessment of expected contributions from demand growth, selling prices and cost control. Management also detailed additional brownfield capacity plans and announced an increase in their on-market buyback of \$50m to a total of \$300m. The market responded well to these disclosures and shares in James Hardie closed the month up 1.1%. The most significant drag to our performance was Resmed, whose share price fell after Eli Lilly released data from their Surmount GLP-1 trial.

## 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.

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## DEVON TRANS-TASMAN FUND

## FUND OUTLINE

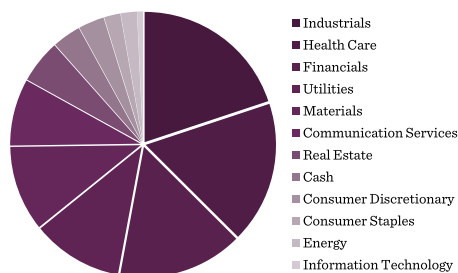
The **Trans-Tasman Fund** provides a broad and actively managed exposure to the New Zealand and Australian equity markets.

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	47.5%	Cash	3.6%
Australian Equities	48.9%	Total	100.0%

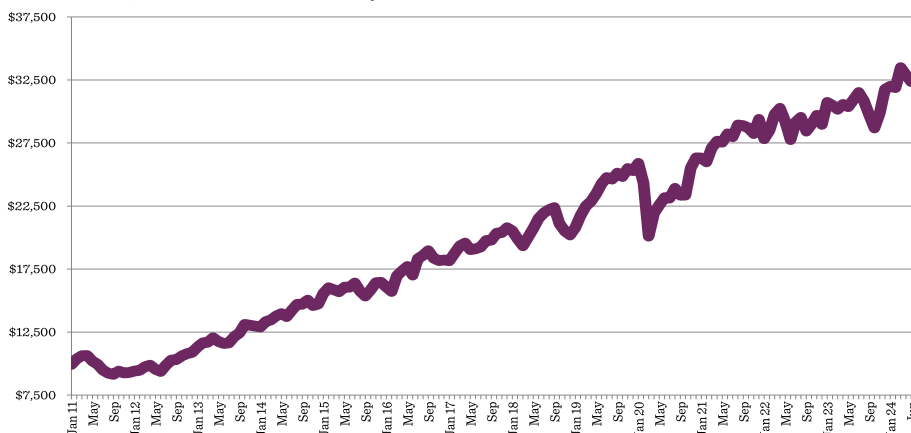
PERFORMANCE	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	Since Inception
Devon Trans-Tasman Fund	0.7%	-2.6%	5.4%	4.9%	6.1%	8.3%
50:50 NZX50 Gross & ASX200 Index Unhedged	0.3%	-2.1%	5.5%	2.2%	5.2%	8.9%

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

\*\*Fund and benchmark performance figures as at 27th June.

## NET PERFORMANCE

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





## DEVON AUSTRALIAN FUND

## FUND OUTLINE

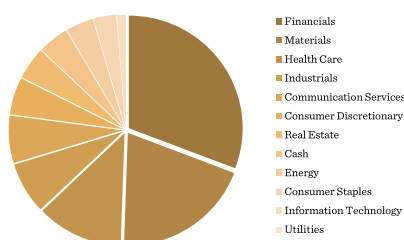
The **Australian Fund** invests in a select portfolio of companies, which are primarily Australian listed companies.

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	4.4%
Australian Equities	95.6%	Total	100.0%

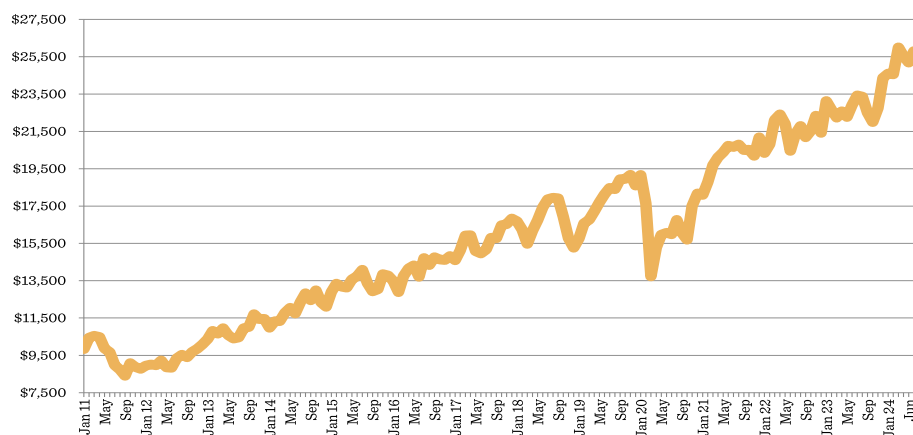
PERFORMANCE	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	Since Inception
Devon Australian Fund	2.4%	-0.8%	12.6%	7.6%	7.3%	7.9%
ASX200 Index Gross (NZD)	1.9%	-1.0%	12.6%	6.9%	8.2%	7.4%

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

\*\*Fund and benchmark performance figures as at 27th June.

## 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

The Australian strategy delivered solid absolute and relative performance during the month. Despite market volatility being elevated by a firmer Australian CPI data release for May, there were a number of our investments that generated strong return contributions. Included amongst these were stocks in the financial sector, including National Australia Bank and AUB Group which rallied 6.8% and 7.2% respectively. Also in receipt of investor support was on-line travel booking business, Webjet. This stock has been a great performer for this portfolio over the past quarter, and in June management provided an update on their strategy of potentially separating their consumer operations from their WebBeds corporate unit. This initiative was first articulated to the market in May, recognising that there was no significant overlap between the two businesses and that each of them would be appeal to different shareholder sets. Webjet closed up 1.7%.

## 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.

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## DEVON DIVIDEND YIELD FUND

### FUND OUTLINE

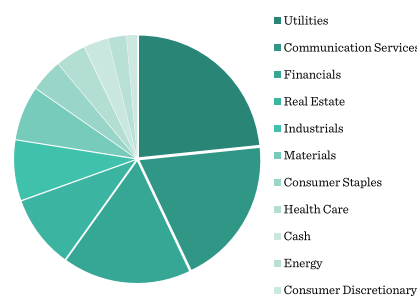
The **Devon Dividend Yield Fund** invests in a carefully selected portfolio of New Zealand and Australian listed companies.

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	62.9%	Cash	3.3%
Australian Equities	33.8%	Total	100.0%
Currency Hedge	98.9%	Yield	6.2%

### PERFORMANCE

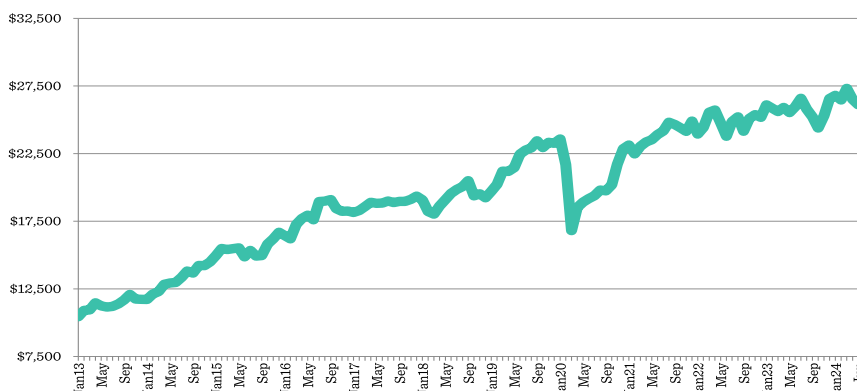
	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	Since Inception
Devon Dividend Yield Fund	-0.2%	-4.6%	0.4%	2.9%	3.0%	8.8%
50:50 NZX50 & ASX200 Index Gross	-0.2%	-2.2%	5.2%	1.9%	4.7%	9.9%

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

\*\*Fund and benchmark performance figures as at 27th June.

### NET PERFORMANCE

Based on \$10,000 invested at 1 January 2013



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

The Dividend Yield strategy offers investors a forecasted distribution for the year ahead of 6.2%, which is also expected to grow by 3.0% annually over the next three years. This is expected to exceed the RBNZ's CPI forecast over the same period of 2.7%. Top contributors to the strategy in June were Suncorp (+9.4%), AUB Group (+7.2%), and Woolworths (+6.9%). Disappointingly, the key detractors were Meridian (-7.0%), Rio Tinto (-7.7%), and Sky City (-16.1%). During the month we included Channel Infrastructure into the portfolio by bidding into a discounted sell down from oil major BP, which held 8% of the register. Post their transition from a refinery into a fuel storage and distribution company, Channel Infrastructure have struck a 10-year take or pay contract with their three key customers, which includes Producer Price Index (or PPI) escalators. This underwrites their 8% dividend yield, which is expected to grow by 3.3% over the next three years.

### PORTFOLIO MANAGER

Patrick Washer



Patrick has primary responsibility for stock selection and portfolio construction for the Dividend Yield Fund. Patrick also holds research responsibilities for the property, aged care and transport sectors.

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## DEVON DIVERSIFIED INCOME FUND

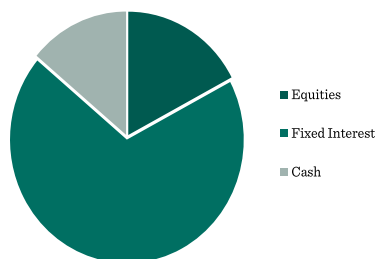
## FUND OUTLINE

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	15.8%	Bonds	63.0%
Australian Equities	8.5%	Cash	12.7%

## PERFORMANCE

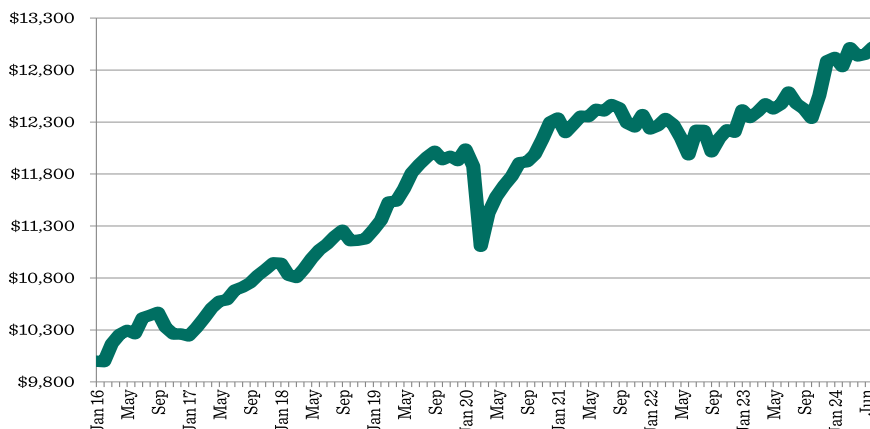
	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	Since Inception
Devon Diversified Income Fund	0.5%	0.1%	4.4%	1.6%	2.0%	3.3%
OCR + 1.5%	0.6%	1.8%	7.3%	5.1%	3.9%	2.9%

\*Devon Diversified Income Fund returns are after all fees and expenses, but before tax which varies by investor.

\*\*Fund and benchmark performance figures as at 27th June.

## 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 rallied with the yield on US 10-year Treasuries falling from 4.57% in late May, to close June at 4.39%. As is typically the case, policy positioning in the US was particularly influential to global rates. The Federal Reserve hosted a meeting during the month in which they held interest rates steady at their current range of 5.25% to 5.50%. This decision was well anticipated by investors, but Chair Jerome Powell did observe that that there has been “modest further progress” towards the bank’s inflation objective of 2%. The market now expects only one cut by the Fed in 2024, but their tone has retained a dovish bias. Of additional note was the release of the May CPI figure in Australia. This was reported at 4% which was above consensus expectations, with the major pressure points being housing components including rent and electricity.

## PORTFOLIO MANAGER

Slade Robertson



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## DEVON SUSTAINABILITY FUND

## FUND OUTLINE

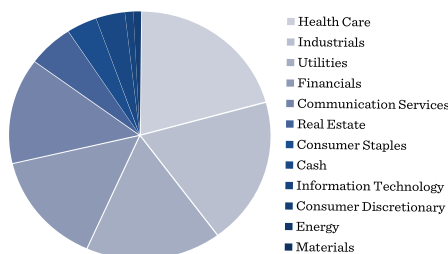
The **Devon Sustainability Fund** invests in a select portfolio of well researched New Zealand and Australian listed companies.

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	54.9%	Cash	3.6%
Australian Equities	41.5%	Total	100.0%

## PERFORMANCE

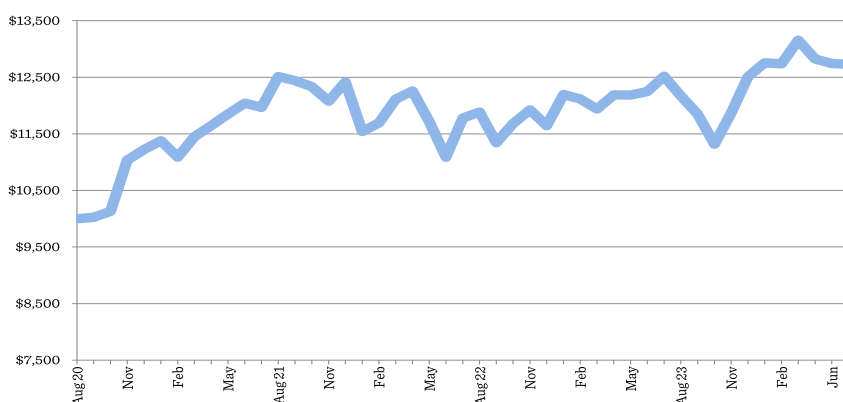
	1 Mth	3 Mth	1 Yr p.a	3 Yr p.a	Since Inception
Devon Sustainability Fund	-0.1%	-3.2%	4.0%	1.8%	6.5%
50:50 NZX50 Portfolio Index & ASX200 Index	-0.6%	-3.7%	3.0%	1.2%	5.8%

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

\*\*Fund and benchmark performance figures as at 27th June.

## 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

The Sustainability Fund outperformed its benchmark in June, however, delivered a total return of -0.1%.

Detractors to the Fund's performance included Resmed (-6.6%) and Meridian Energy (-7.0%). Resmed's share price came under pressure after further data was released on the SURMOUNT obstructive sleep apnea trial regarding the use of weight loss drugs, GLP-1s.

There were several key contributors including Suncorp Group (+9.4%), AUB Group (+7.2%) and Infratil (+7.1%). Infratil performed well in the month after raising over a billion dollars of capital to support its investment in data centre operator, CDC. The capital raise was issued a 6.8% discount to Infratil's share price and alongside a commitment to accelerate CDC's development pipeline by around 50% to ~1,870 megawatts of computing capacity by 2033. CDC has received several indications from its customers on their future capacity requirements, which has given the company enough visibility to accelerate the pipeline. The company called out a shift to cloud computing and artificial intelligence as the key drivers to demand.

## PORTFOLIO MANAGER

Ben Jenkin



Ben has primary responsibility for stock selection and portfolio construction for the Sustainability Fund. Ben also holds research responsibility for the telco, media and technology sectors, as well as a wide ranging number of industrial companies.

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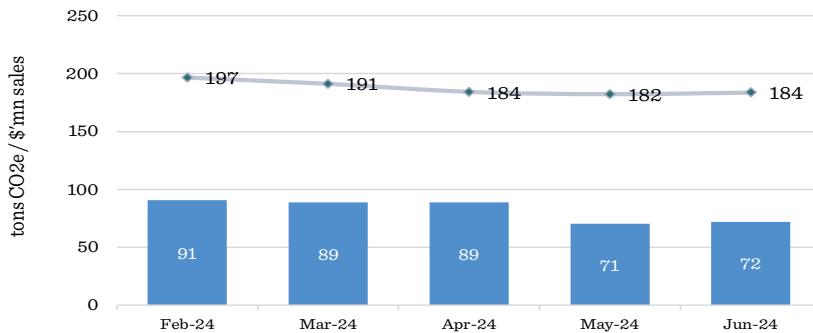
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## DEVON SUSTAINABILITY FUND

## CARBON INTENSITY - PORTFOLIO VS BENCHMARK

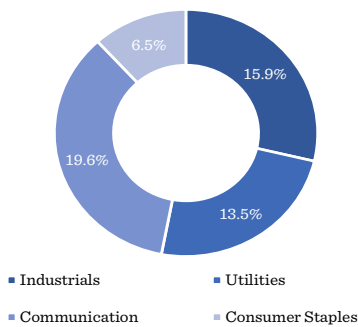
Carbon Intensity - Portfolio vs Benchmark



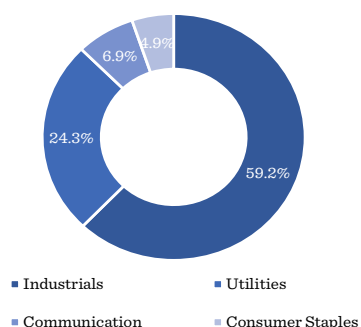
## PORTFOLIO CARBON EMISSIONS BY KEY SECTORS

Portfolio Carbon Emissions by Key Sectors

Portfolio value by sector



Portfolio carbon emission by sector



The industrials, utilities, and consumer staples sectors make up 36% of the portfolio by value, but they account for 88% of the carbon emissions in the portfolio.

## ESG PORTFOLIO SUMMARY

	MSCI ESG Ratings	MSCI ESG Quality score	
Portfolio	AA	7.65	Portfolio Sustainability Fund
Benchmark	AA	7.41	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	3.2%	3.6%	2.3%	3.6%	5.9%

\*ESG Relative Performance is the MSCI ESG Score of the Devon Sustainability fund compared to the MSCI ESG Score of the Benchmark  
\*\*Fund performance figures as at 27th June.

## PORTFOLIO HOLDING'S DISCLOSURE SUMMARY

Portfolio Holding's Summary

% of companies reporting to TCFD standards	81.0%
% of companies committed to Net Zero	69.0%
% of companies committed to Carbon Neutral	9.5%
% of companies with no commitment to either	21.4%

## STEWARDSHIP

During June, Devon met with Scott St John, the Chair of Mercury Energy, and James Miller who also sits on the board. The board and management team have had some recent turnover on the back of both planned and unplanned changes. Despite the relatively high turnover, there doesn't seem to be anything systemically wrong and is just a matter of timing. Pleasingly, a new CEO has been appointed who was an internal candidate. The board is happy with the appointment as Stew Hamilton has good industry experience having worked for NZAS, and is extremely energised. In addition, we discussed some workload concerns about some directors on multiple boards (although this doesn't appear to be affecting performance), the board's request for a fee increase in response to increased workload, and strategy. Regarding the company's strategy they said they are optimistic and aspirational on what lies ahead, especially within the AI space. Overall, it was a positive meeting, and we remain confident in the board's approach.

## PORTFOLIO MANAGER

Ben Jenkin



Ben has primary responsibility for stock selection and portfolio construction for the Sustainability Fund. Ben also holds research responsibility for the telco, media and technology sectors, as well as a wide ranging number of industrial companies.

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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	1.46	1.05	0.41
Credit*	4.32	4.61	-0.29
Asset Backed Securities	0.03	0.01	0.02
Mortgage Backed	1.07	0.69	0.38
Commercial Mortgage	0.06	0.03	0.03
Other	0.02	0.09	-0.07
Cash Offset	-	-	-
	6.96	6.48	0.48

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	6.55	0.30	6.25
AAA	26.55	11.84	14.71
AA	35.71	42.90	-7.19
A	9.05	30.63	-21.58
BBB	14.31	14.08	0.23
BB	6.09	0.01	6.09
B	2.20	-	2.20
Below B	0.24	-	0.24
Cash Offset	-0.95	-	-0.95
Not Rated	0.25	0.25	0.00
	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 30 June 2024

## 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	1 Yr	2 Yr p.a	Since Inception
Devon Global Impact Bond Fund	1.1%	0.3%	4.9%	2.6%	-0.0%
Bloomberg Global Aggregate Index Hedged NZD	1.1%	0.3%	4.0%	1.9%	-0.2%

PERFORMANCE	1 Mth	3 Mth	1 Yr	2 Yr p.a	Since Inception
Devon Global Sustainability Fund	1.7%	0.1%	15.9%	16.6%	11.0%
MSCI All Country World Index in NZD, 50% hedged to NZD	3.1%	2.4%	20.6%	18.7%	10.8%

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

\*\*Fund and benchmark performance figures as at 27th June.

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.

## KEY HOLDINGS\*



\*Key Holdings as at 30 June 2024

## 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

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[www.devonfunds.co.nz](http://www.devonfunds.co.nz)



## ARTESIAN GREEN AND SUSTAINABLE BOND FUND (NZD)

## FUND OUTLINE

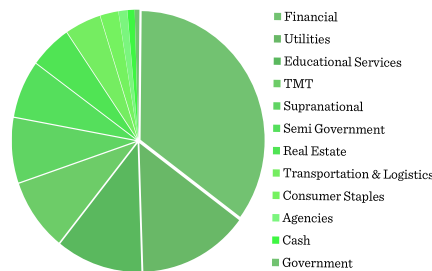
The **Artesian Green and Sustainable Bond Fund (NZD)** offers New Zealand-based investors a Portfolio Investment Entity (PIE) vehicle through which to invest in the Artesian Green and Sustainable Bond Fund (AUD).

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 (NZD)	99.9%	Cash	0.1%
Currency Hedge (100% to NZD)	99.9%	Total	100.0%

PERFORMANCE	1 Mth	3 Mth	1 Yr	Since Inception
Artesian Green & Sustainable Bond Fund (NZD)*	0.25%	0.34%	5.51%	5.63%
Artesian Green & Sustainable Bond Fund PIR Return (NZD)**	0.25%	0.44%	5.75%	5.87%
Bloomberg AusBond Composite 0-5 Yr Index 100% Hedged to NZD	0.20%	0.09%	3.62%	5.35%

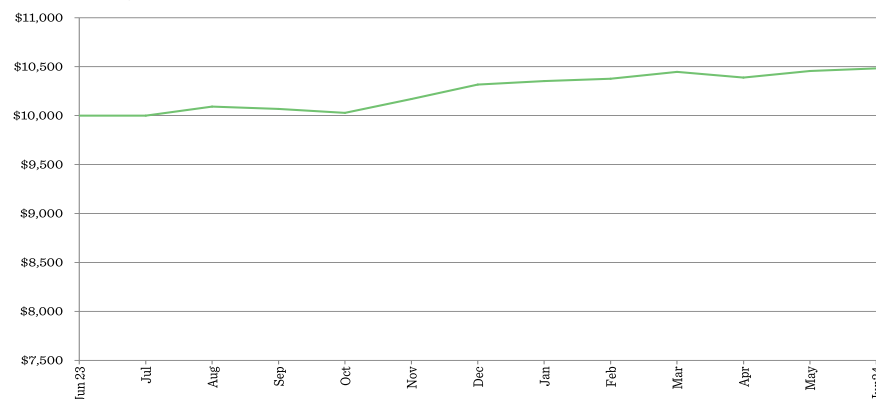
\*Artesian Green & Sustainable Bond Fund (NZD) returns are after all fees and expenses, but before tax which varies by investor.

\*\*Artesian Green & Sustainable Bond Fund (NZD) returns are after all fees and expenses, but before tax which varies by investor and inclusive of tax credits. The Fund invests in an underlying Australian Unit Trust (AUT) which is required to distribute all income. Tax on these distributions is withheld at fund level but investors receive a tax credit for this amount. As such, the Zero PIR return is a reasonable basis for comparing performance between the NZD Fund and its AUT alternative.

\*\*\*Fund and benchmark performance figures as at 27th June.

## 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](#)

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## COMMENTARY

The Fund's outperformance versus benchmark in June, was driven by the active positioning of the Fund's interest rate duration. The Fund's running yield of 5.07% versus the benchmark's 4.45%, also contributed to the monthly outperformance.

Outperformance in June came from the Fund's positions in the New South Wales Treasury Corporation (Sustainable), Industrial Bank of Korea (Green), QIC Finance Town Centre Fund (Green) and Optus (SLB). The main contributors to underperformance in June, were La Trobe University (Green), ETSA Utilities Finance (Green) and Contact Energy (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.



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