

A better quarter in store?

By Greg Smith, Head of Retail at Devon Funds.

After a challenging September, and subdued start to October, are markets still in for a seasonally stronger final quarter of 2023? Inflation has fallen sharply in the US and Europe, while there may also be some locally driven tailwinds for the Kiwi market.

It was a challenging month for markets as investors fretted about the 'higher for longer' message from many central bankers. The RBNZ had the month off meeting-wise, but the Federal Reserve, Bank of England, Reserve Bank of Australia, Bank of Canada and Bank of Switzerland were amongst those that left rates alone but warned that they might need to stay there for some time. The European Central Bank meanwhile opted to put through a 10th consecutive rate hike.

Against this backdrop, bond yields rose across the globe, led by the 10-year US Treasury, which hit the highest level since 2007. Concerns over the stickiness of inflation were not helped by a surging oil price which hit US\$95 a barrel at one point, gaining more than 30% since June.

Global stock markets weakened as a result. The S&P500 declined 4.8% during the month and by 3.7% over the quarter. The Nasdaq Composite was off 5.8% in September and lost 4.1% for the quarter (but is still up 27% year to date). The NZX50 eased 2.2% during the month, for a 5.2% decline over the quarter. The ASX200 was down 2.8% in September but was down a lesser 2.2% for the quarter.

Bond yields have remained a headwind to sentiment in the early days of this month, but have inflation numbers on both sides of the...[READ MORE](#)

MARKET INDICES

Index	Region	Monthly Return	1 Yr. Return
S&P/NZX50G	NZ	-2.2%	2.1%
S&P/ASX200G	AUSTRALIA	-2.8%	13.5%
MSCI World Index	GLOBAL	-4.3%	22.6%
S&P500	USA	-4.8%	21.6%
FTSE100	UK	2.4%	14.7%
NIKKEI 225	JP	-1.6%	25.4%
NZ 90 Day Bank Bill	NZ	0.5%	4.9%
Bloomberg Global Aggregate Index (NZD)	GLOBAL	-1.7%	1.7%

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AT A GLANCE

Prices as at 30 September 2023

DEVON ALPHA FUND	\$2.1602
DEVON AUSTRALIAN FUND	\$1.5815
DEVON DIVERSIFIED INCOME FUND	\$1.4233
DEVON DIVIDEND YIELD FUND	\$1.8198
DEVON GLOBAL IMPACT BOND FUND	\$1.3269
DEVON GLOBAL SUSTAINABILITY FUND	\$1.5659
DEVON TRANS-TASMAN FUND	\$4.4361
DEVON SUSTAINABILITY FUND	\$3.1208
ARTESIAN GREEN & SUSTAINABLE BOND FUND	\$1.0147

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DEVON ALPHA FUND

FUND OUTLINE

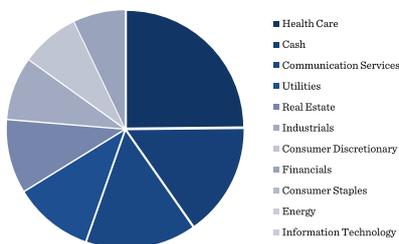
The **Alpha Fund** invests in a concentrated portfolio of approximately 10 to 15 select companies predominantly listed on the NZ and Australian share markets.

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	34.5%	Cash	15.4%
Australian Equities	50.1%	Total	100.0%
Currency Hedge	80.3%		

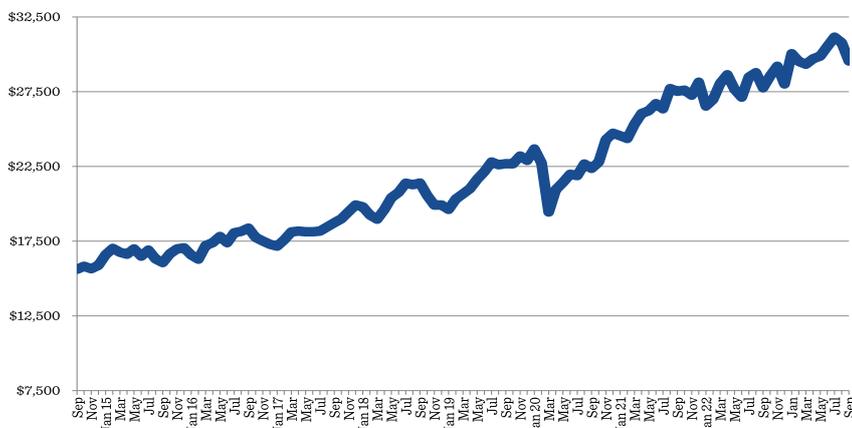
PERFORMANCE

	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	Since Inception
Devon Alpha Fund	-4.0%	-3.2%	6.4%	9.8%	6.7%	8.8%
OCR + 5%	0.9%	2.6%	10.1%	4.0%	2.8%	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

It was a challenging month for this strategy as a number of our key positions retreated in price after they had delivered strong gains earlier in the year. A good example of this was Goodman Group, which closed September down 8.2%. Despite this disappointing outcome, Goodman is still up more than 24% year-to-date and we believe it will resume its upward trajectory in the generation of shareholder value going forward - driven in large part by its data centre strategy. On a more positive note, we benefitted from New Zealand investments Fletcher Building and Infratil, which rallied 1.9% and 1.2% respectively. As at month end the cash weighting in this portfolio was almost 15% and we anticipate that with the current volatility in markets, exciting opportunities to deploy this capital will present themselves over the next few months.

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

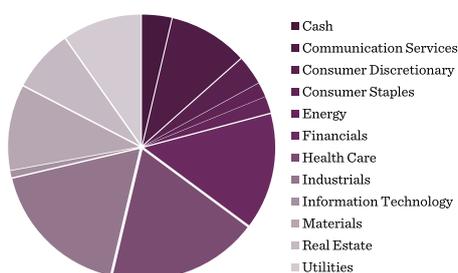
The **Trans-Tasman Fund** provides a broad and actively managed exposure to the New Zealand and Australian equity markets.

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	44.1%	Cash	3.7%
Australian Equities	52.2%	Total	100.0%

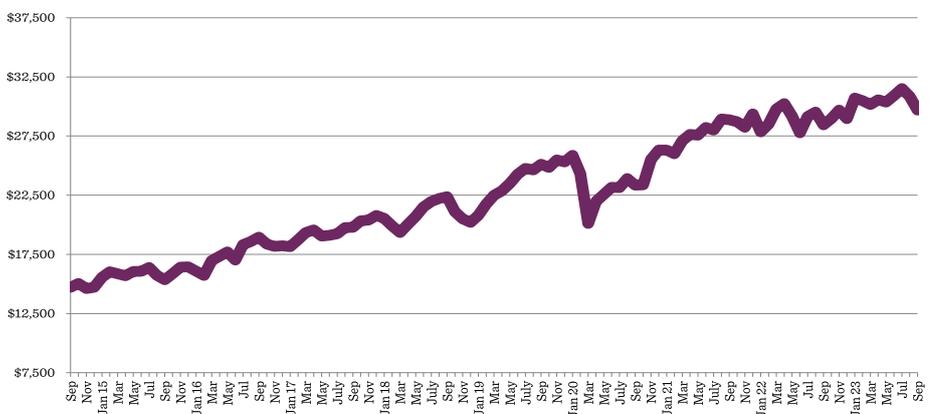
PERFORMANCE

	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	Since Inception
Devon Trans-Tasman Fund	-3.7%	-4.1%	4.3%	8.3%	5.8%	8.2%
50:50 NZX50 Gross & ASX200 Index Unhedged	-3.1%	-3.5%	4.7%	4.7%	5.1%	8.8%

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

This strategy performed below its benchmark during the month although a number of investments made positive contributions. Included amongst these were Auckland Airport (+2.0%) and BHP (+1.5%). Also having a constructive impact was our exposure to Fletcher Building, which finished September up 1.9%. Fletchers recently reported a solid FY23 result, which included an impressive return on funds employed of 17.1%, but now investors are looking towards the NZ general election and considering how the operating environment for this business will look heading into 2024. Although there are a few weeks to go before the election, there is a view shared by many investors that change is coming, and that a right-wing government would be positive for the housing market and broader construction activity. There were no major changes made to the portfolio, but we did remove our small exposure to mining services business, ALS Limited.

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.

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DEVON AUSTRALIAN FUND

FUND OUTLINE

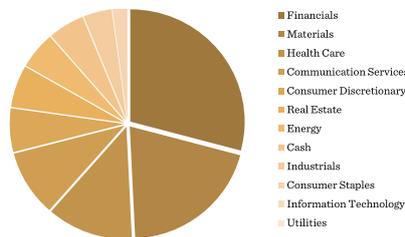
The **Australian Fund** invests in a select portfolio of companies, which are primarily Australian listed companies.

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

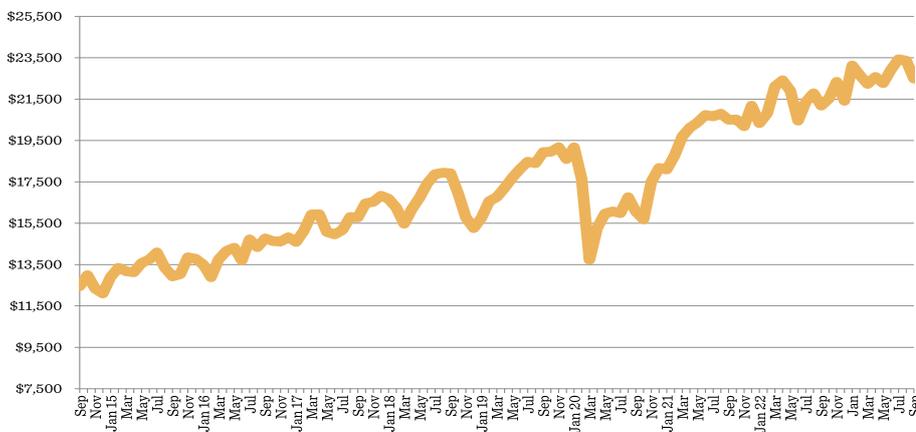
New Zealand Equities	0.0%	Cash	5.2%
Australian Equities	94.8%	Total	100.0%

PERFORMANCE	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	Since Inception
Devon Australian Fund	-3.7%	-1.8%	6.2%	11.9%	4.7%	7.2%
ASX200 Index Gross (NZD)	-4.0%	-1.9%	7.2%	10.7%	6.3%	6.7%

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 strategy outperformed its benchmark during the month. Positive contributors to this outcome included BHP Group (+1.5%) and Rio Tinto (+0.6%). Despite concerns of a potential slowdown of the Chinese economy, the iron ore price was persistently strong, finishing the month at around US\$120 per tonne. During the month, a member of our team was on a research trip in Western Australia visiting several resource companies. A key takeaway from the trip was the impact from stubbornly high-cost pressures being experienced across the industry, principally from a tight labour market, high energy prices and the cost of machinery. Feedback also suggested that the Chinese property market continues to weaken, and the steel industry has yet to see any material production cuts. As a result, we took the opportunity to take some profits within the sector.

On the negative side, James Hardie (-12.3%) and Goodman Group (-8.2%) gave back some of their gains from previous months.

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.

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DEVON DIVIDEND YIELD FUND

FUND OUTLINE

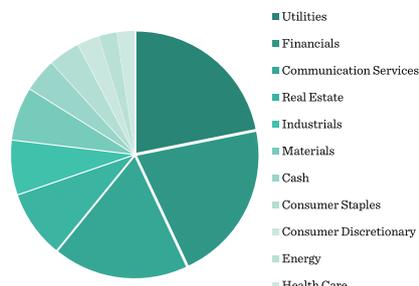
The **Devon Dividend Yield Fund** invests in a carefully selected portfolio of New Zealand and Australian listed companies.

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	62.0%	Cash	4.4%
Australian Equities	33.6%	Total	100.0%
Currency Hedge	98.5%	Yield	6.3%

PERFORMANCE

	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	Since Inception
Devon Dividend Yield Fund	-2.2%	-2.8%	4.4%	8.5%	4.2%	9.1%
50:50 NZX50 & ASX200 Index Gross	-2.5%	-3.0%	7.8%	4.8%	5.3%	9.8%

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

Notwithstanding the ACCC's decision to disallow the merger of Sun-corp's banking arm with ANZ, Sun-corp has continued to outperform the market. The stock positively contributed to the fund's return, outperforming the ASX200 by more than 5% during the month. Improvements in investment yields, combined with gross written premium increases of over 10% in FY23, have underpinned sector returns. Whilst claims inflation continues to rise, growth in premium prices and a return to more normalised weather patterns should see solid returns for general insurers into 2024.

Low yields across Healthcare stocks have made investments in this sector difficult for the fund, however the recent weakness in CSL's share price has created an opportunity for us to include this powerful growth company. Compound annual earnings growth of over 15% will contribute positively to the fund's dividend growth profile.

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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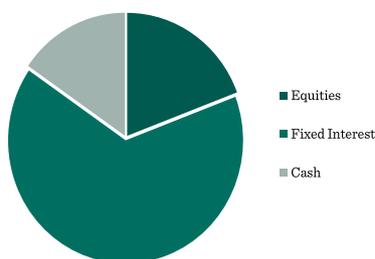
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**DEVON DIVERSIFIED INCOME FUND****FUND OUTLINE**

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	17.4%	Bonds	59.2%
Australian Equities	9.4%	Cash	13.9%

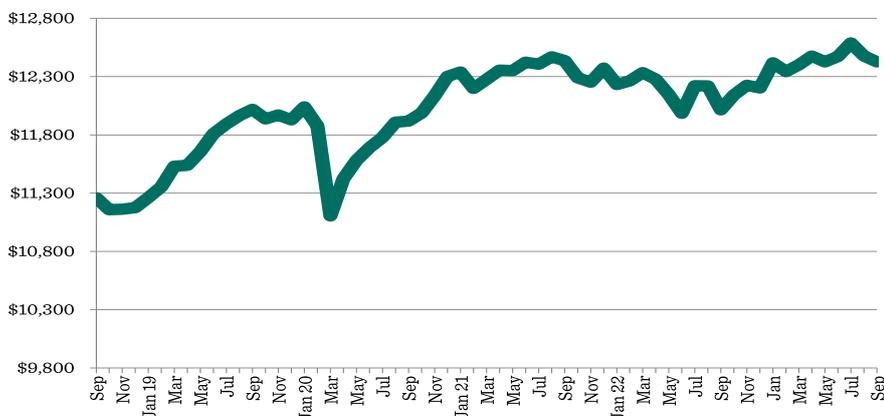
PERFORMANCE

	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	Since Inception
Devon Diversified Income Fund	-0.4%	-0.4%	3.4%	1.4%	2.0%	3.0%
OCR + 1.5%	0.6%	1.8%	6.5%	3.7%	3.3%	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

It was a volatile month for fixed interest with the yield on US Treasuries jumping from 4.11% in late August to finish September at 4.54%. There were a number of important factors influencing this change to the yield curve. Primarily there has been a huge amount of bond issuance by the US government as they have looked to finance their substantial and growing fiscal deficit. This level of supply has pushed prices higher. Also, it appears that the US Federal Reserve is adopting an almost asymmetric approach to their policy settings whereby they are unlikely to cut rates soon, even if inflation continues to fall, but will hike again if the underlying economy remains resilient. We believe that these higher Treasury yields will negatively impact activity levels as we move into the final quarter of 2023. The RBA and RBNZ met in early October to set monetary policy. The RBA left rates on hold as did the RBNZ.

PORTFOLIO MANAGER

Slade Robertson



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DEVON SUSTAINABILITY FUND

FUND OUTLINE

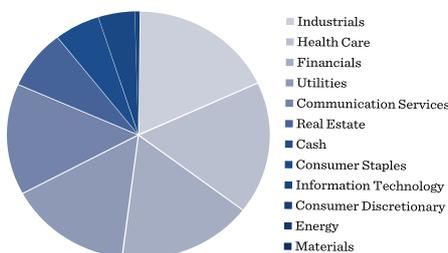
The **Devon Sustainability Fund** invests in a select portfolio of well researched New Zealand and Australian listed companies.

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	58.1%	Cash	5.6%
Australian Equities	36.3%	Total	100.0%

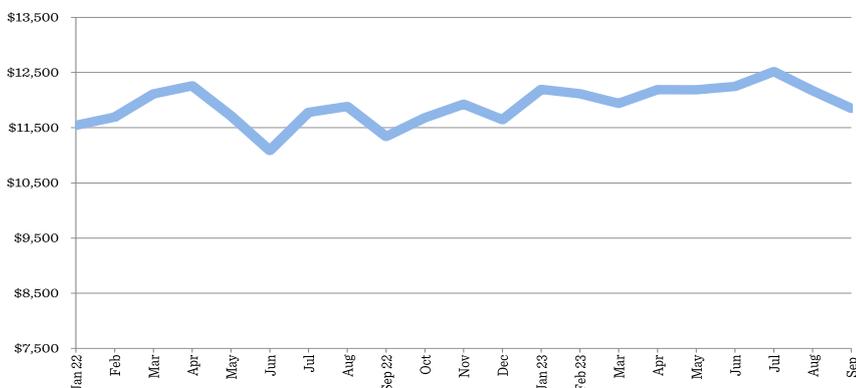
PERFORMANCE

	1 Mth	3 Mth	1 Yr p.a	2 Yr p.a	Since Inception
Devon Sustainability Fund	-2.6%	-3.2%	4.5%	-2.5%	5.6%
50:50 NZX50 Portfolio Index & ASX200 Index	-2.6%	-2.8%	6.8%	-2.7%	5.3%

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 September the Sustainability strategy performed in line with the index, down by -2.6%. Top contributors were Suncorp (2.5%), Auckland Airport (2.0%) and Fletcher Building (1.9%). Meanwhile, key detractors included A2 Milk (-8.8%), Ebos (-8.2%) and Goodman Group (-8.2%).

September was a challenging month for markets, as higher bond rates and global macro issues plagued the nerves of many local investors. However, many companies within this portfolio continue to show stability, one of which is Tourism Holdings (THL). We added THL to the fund following their earnings result and after meeting with the management team. The company builds, rents and then sells motorhomes throughout the world. THL recently have merged with their largest Australasian competitor, Apollo. Rental yields on motorhomes continue to remain stubbornly above pre-COVID levels, courtesy of constrained supply. Looking ahead we believe the operating environment to be structurally better following the merger, which will provide a multi-year tailwind to earnings.

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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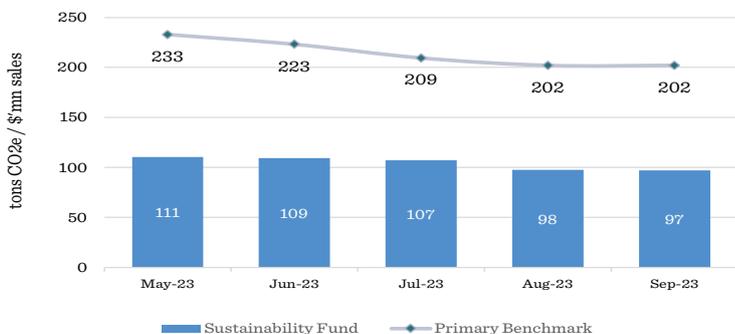
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DEVON SUSTAINABILITY FUND

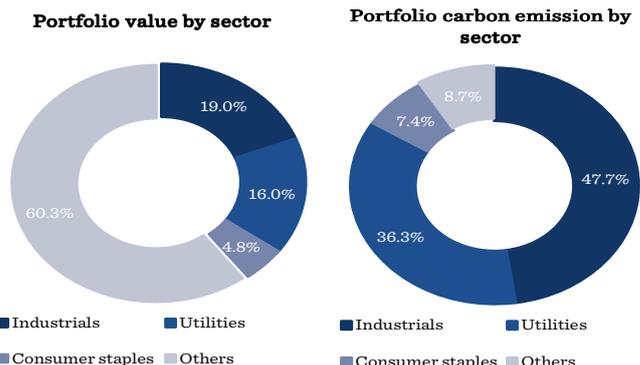
CARBON INTENSITY - PORTFOLIO VS BENCHMARK

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 39.8% of the portfolio by value, but they account for 91.4% of the carbon emissions in the portfolio.

ESG PORTFOLIO SUMMARY

	MSCI ESG Ratings	MSCI ESG Quality score	
Portfolio	AA	7.84	Portfolio Sustainability Fund
Benchmark	AA	7.46	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%	4.4%	5.0%	9.2%	6.6%

*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

September marked the first anniversary of the Aotearoa New Zealand Stewardship Code. Devon is proud to be a founding signatory and one of 18 total signatories to the code, with a combined underlying asset pool that covers more than \$100 billion. The code is designed to give investors a “clear framework for using their influence to steer the companies they own on critical environmental, social and corporate governance issues.” As active investors, Devon utilities proxy voting and engagements with executives and boards across all the companies we own.

In company news, Telstra has signed a Power Purchase Agreement (PPA) to take half of the output of a new 120 MW solar farm that is being built in Queensland. This is its fifth agreement with large scale renewable projects. Telstra has a target to contract renewable energy generation equivalent to 100% of its consumption by 2025 (this deal will bring them to 80%). We continue to monitor all the Scope 1 and 2 targets made by companies held across our portfolios and their progress towards them.

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 GLOBAL IMPACT BOND FUND

DURATION

Sector	Contribution to Duration (Years)		
	Account	Benchmark	Difference
Cash & Cash Equivalents	-0.00	0.00	-0.00
US Government	0.82	0.98	-0.17
Credit*	4.57	4.57	0.00
Asset Backed Securities	0.01	0.01	0.00
Mortgage Backed	1.35	0.74	0.61
Commercial Mortgage	0.08	0.03	0.05
Other	0.00	0.09	-0.09
Cash Offset	-	-	-
	6.84	6.42	0.42

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	-0.88	0.32	-1.20
AAA	26.73	11.53	15.20
AA	41.61	42.59	-0.98
A	11.34	31.10	-19.76
BBB	13.75	14.18	-0.43
BB	5.86	0.01	5.85
B	3.62	-	3.62
Below B	0.23	-	0.23
Cash Offset	-2.63	-	-2.63
Not Rated	0.37	0.27	0.11
	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 September 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	-1.8%	-2.0%	-1.8%	1.7%	-4.5%
Bloomberg Global Aggregate Index Hedged NZD	-1.7%	-1.8%	-1.8%	1.7%	-4.0%

PERFORMANCE	1 Mth	3 Mth	6 Mth	1 Yr	Since Inception
Devon Global Sustainability Fund	-5.1%	-4.5%	1.3%	15.7%	2.9%
MSCI All Country World Index in NZD, 50% hedged to NZD	-4.2%	-2.0%	5.5%	16.5%	1.7%

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

KEY HOLDINGS*



*Key Holdings as at 30 September 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

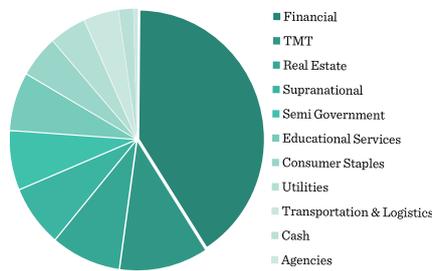
The Artesian Green and Sustainable Bond Fund (NZD) offers New Zealand-based investors a Portfolio Investment Entity (PIE) vehicle through which to invest in the Artesian Green and Sustainable Bond Fund (AUD).

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

Table with 2 columns: Fund Name and Allocation Percentage. Rows include Artesian Green & Sustainable Bond Fund (AUD) at 97.7% and Cash at 2.3%.

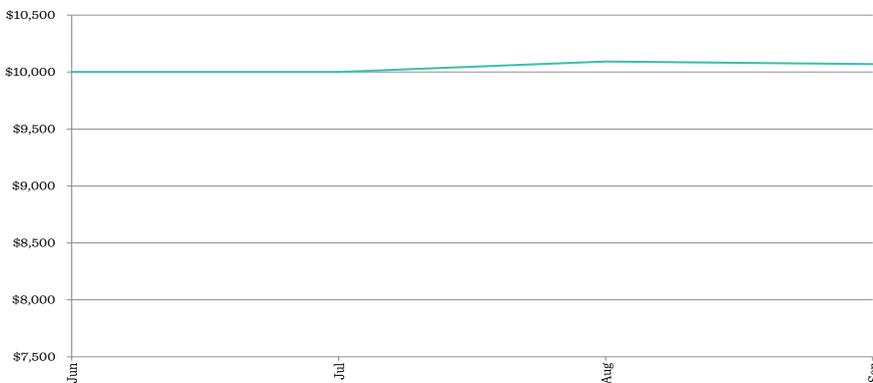
PERFORMANCE

Table with 4 columns: Fund Name, 1 Mth, 3 Mth, and Since Inception. Rows include Artesian Green & Sustainable Bond Fund (AUD) and Bloomberg AusBond Composite 0-5 Yr Index 100% Hedged to NZD.

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

We witnessed another sizable bond sell off in September as yields reached multi year highs around the world. US 10yr Treasury yields ended September at 4.57%, the intraday peak on September 28th was as high as 4.68% which we haven't seen since 2007. Considering Australian 3yr government bond yields finished 40bps higher at 4.09%, we were reasonably pleased with the outright return and small outperformance versus benchmark.

There was strong outperformance in September from the Fund's positions in Optus (SLB), New South Wales Treasury Corp (Sustainable), Australia Post (Sustainable), Woolworths (Green & SLB) and NBN (Green). There was no negative performance from the Fund's corporate bond positions in September. The largest negative contributor to returns in September was the Fund's interest rate duration.

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.

