

The Devon View: New Zealand needs to get out of its own way

Tama Willis, Portfolio Manager

From a driverless car in Shenzhen to opportunities at home

Recently I sat in the back of a car with no driver for a seven-kilometre ride through Shenzhen traffic. It was one of the most impressive things I have seen in nearly 30 years of investing.

The company behind it, Pony.ai, already operates hundreds of robotaxis in China. Its next-generation autonomous electric vehicles are expected to cost around NZ\$40,000 to build and, based on trial data, appear significantly safer than human drivers. Autonomous trucking is scaling at the same time.

That experience was just one meeting on a week-long investment trip through China and Hong Kong focused on artificial intelligence. We met AI model developers, chipmakers, datacentre operators, carmakers and logistics businesses. What stood out wasn't any single technology. It was the speed, scale and cost at which change is occurring.

At MiniMax, one of China's leading AI companies, the workforce appeared remarkably young. Alibaba launched a new AI chip during our visit and. JD.com spoke about deploying millions of robots and autonomous vehicles across its logistics network over the coming years.

Chinese AI models now trail leading US models by only a [...READ MORE](#)

MARKET INDICES

Index	Region	Monthly Return	1 Yr. Return
S&P/NZX50G	NZ	-0.6%	4.1%
S&P/ASX200G	AUSTRALIA	-2.4%	2.7%
MSCI World Index	GLOBAL	-1.0%	15.8%
S&P500	USA	-0.1%	16.0%
FTSE100	UK	-2.0%	17.1%
NIKKEI 225	JP	1.3%	51.0%
NZ 90 Day Bank Bill	NZ	0.2%	2.6%
Bloomberg Global Aggregate Index (NZD)	GLOBAL	-1.8%	-2.1%

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AT A GLANCE

Prices as at 30 September 2026

DEVON ALPHA FUND	\$2.3710
DEVON AUSTRALIAN FUND	\$2.0632
DEVON DIVIDEND YIELD FUND	\$2.0255
DEVON GLOBAL IMPACT BOND FUND	\$1.2647
DEVON GLOBAL SUSTAINABILITY FUND	\$2.6118
DEVON TRANS-TASMAN FUND	\$5.3940
DEVON SUSTAINABILITY FUND	\$3.2014
ARTESIAN GREEN & SUSTAINABLE BOND FUND	\$0.9817
ARTESIAN SHORT DURATION CORPORATE BOND FUND	\$0.9513

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DEVON ALPHA FUND

FUND OUTLINE

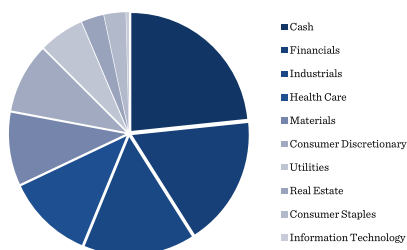
The **Alpha Fund** invests in a concentrated portfolio of approximately 10 to 15 select companies predominantly listed on the NZ and Australian share markets.

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	40.7%
Australian Equities	36.0%
Currency Hedge	67.3%

Cash	23.3%
Total	100.0%

PERFORMANCE

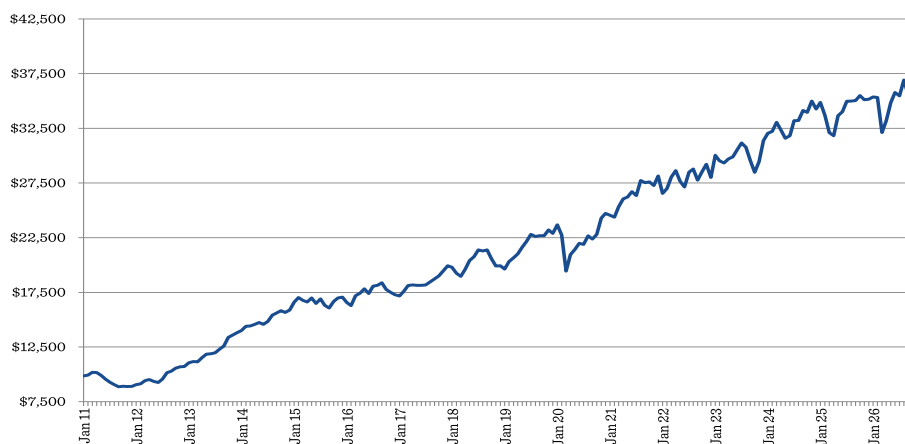
	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	10 Yr p.a
Devon Alpha Fund	-3.8%	-0.7%	1.4%	6.3%	5.2%	6.8%
OCR + 5%	0.6%	1.9%	7.5%	9.2%	7.8%	4.5%

*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

After generating strong returns in prior months, the Alpha strategy was negatively impacted during September with profit taking in several of our investments. Despite this there were several of our companies which did make notable positive contribution, including Fisher and Paykel Healthcare and Port of Tauranga which rallied 3.6% and 3.7% respectively. Recently we have also made some changes to the portfolio with the addition of general insurer SunCorp and mining services business, Orica. This large Australian mining services company provides blasting solutions to miners worldwide, as well as digital technology solutions and specialty chemicals used in copper processing. The company has several favourable tailwinds and is a net beneficiary of tight global natural gas markets following the war in Iran. The business is well managed and has a balance sheet with low leverage, which supports ongoing capital returns to shareholders.

PORTFOLIO MANAGER

Slade Robertson



Slade has primary responsibility for stock selection and portfolio construction for the Alpha and Australian funds. Slade is also the Chairman of

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

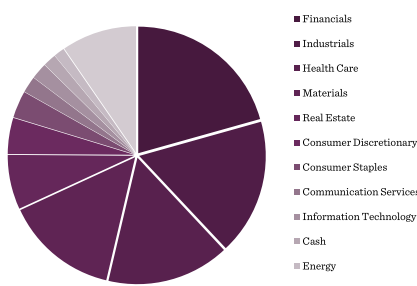
The **Trans-Tasman Fund** provides a broad and actively managed exposure to the New Zealand and Australian equity markets.

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	51.5%
Australian Equities	47.1%
Currency Hedge	0.1%

Cash	1.4%
Total	100.0%

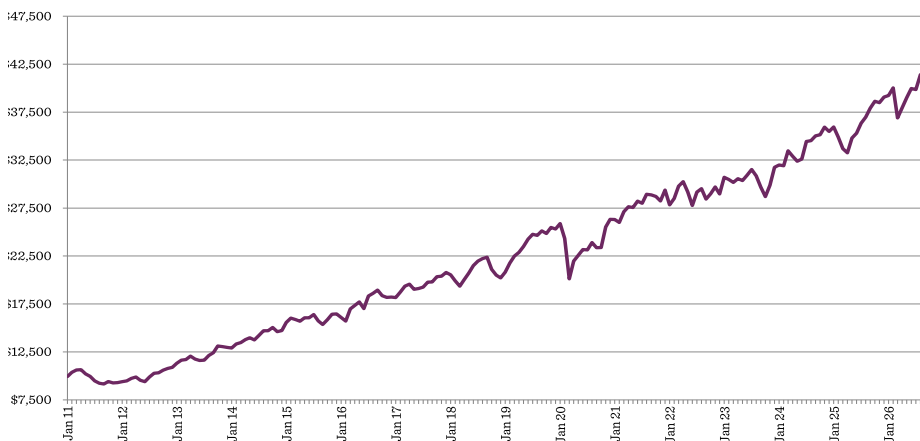
PERFORMANCE

	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	10 Yr p.a
Devon Trans-Tasman Fund	-1.6%	2.0%	7.4%	11.1%	7.1%	7.9%
50:50 NZX50 Gross & ASX200 Index Unhedged	-0.7%	2.0%	7.5%	11.8%	6.0%	9.1%

*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 portfolio underperformed its benchmark during September, although there were a number of positive contributors to our returns. Included amongst these was Suncorp which finished up +5.9%. Other contributors included Orica (+5.5%), NZX (+8.6%) and Vista Group (+2.2%). Key detractors included Light and Wonder (-16.8%), which gave up the gains from the prior month, and Summerset (-12.2%) on softer housing sentiment.

Our best performer over the month was Suncorp which rallied on rising bond yields which are supportive of earnings but also due to ongoing speculation that Tokio Marine, a Japanese insurer, is potentially looking at a large acquisition in Australia. That aside, the company continues to look good value at 15.5x 12-month forward p/e, with solid rate momentum in Australian Home & Motor, earnings tailwinds from rising bond yields and potentially lower CAT (catastrophe risk) events from El Nino conditions in the year ahead.

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

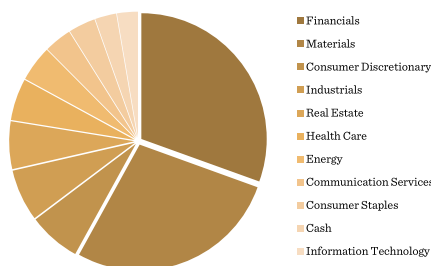
The **Australian Fund** invests in a select portfolio of companies, which are primarily Australian listed companies.

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	2.8%
Australian Equities	97.2%	Total	100.0%

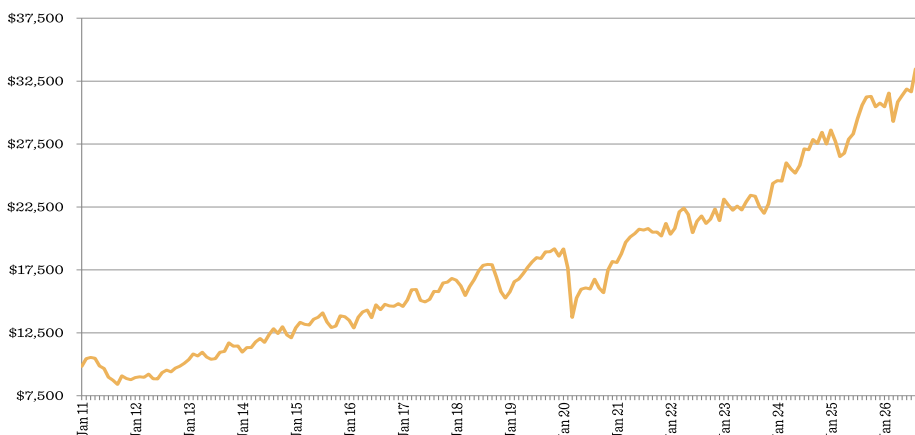
PERFORMANCE

	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	10 Yr p.a
Devon Australian Fund	-1.4%	3.6%	5.6%	13.6%	10.0%	8.4%
ASX200 Index Gross (NZD)	-0.7%	2.5%	10.9%	16.6%	11.2%	8.5%

*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

The Australian strategy slightly underperformed its benchmark in September after generating substantial outperformance in the month prior. We have positioned this portfolio conscious that the economic momentum in Australia is slowing, as the implications of inflation pressures and rising interest rates are becoming evident in broad activity levels, consumer confidence and property values. One sector in particular that we are taking a conservative view on is the Banks. After generating strong performance last year, we are beginning to see evidence of weakening credit growth and an increased risk of a deterioration in impairment charges. With sector valuations elevated beyond a level appropriate for the returns on equity being generated, we are currently positioned well below the level dictated by our underlying benchmark, the ASX200. Stocks that positively contributed last month included CSL which rallied 8.7% and Challenger which closed up 7.5%.

PORTFOLIO MANAGER

Slade Robertson



Slade has primary responsibility for stock selection and portfolio construction for the Alpha and Australia funds. Slade is also the

Chairman of 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

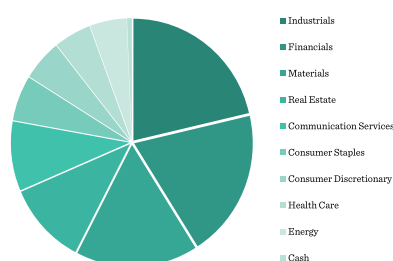
The **Devon Dividend Yield Fund** invests in a carefully selected portfolio of New Zealand and Australian listed companies.

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	64.4%	Cash	0.6%
Australian Equities	35.0%	Total	100.0%
Currency Hedge	97.6%	Yield	5.8%

PERFORMANCE	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	10 Yr p.a
Devon Dividend Yield Fund	-0.2%	1.1%	3.1%	9.0%	5.8%	5.5%
50:50 NZX50 & ASX200 Index Gross	-1.5%	1.4%	3.4%	9.2%	4.3%	7.8%

*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 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

During September, the Dividend Yield strategy returned -0.2%, outperforming the New Zealand and Australian equity markets, which fell 0.6% and 2.4%, respectively. Our bias within the fund towards defensive companies, underpinned by strong cash generation and reliable dividends, helps provide downside protection in falling markets. Australia currently has the highest core inflation of any developed country in the world. Coupled with rising bond yields, this creates a challenging backdrop for corporate earnings. A key focus recently has been to find companies that benefit from higher interest rates and can perform well against a weakening economic backdrop. These commonly include insurers and other diversified financials; however, some infrastructure companies also benefit. Dalrymple Bay Infrastructure has contractual CPI escalators, and its regulatory framework means that higher bond yields will, in time, be passed through as higher allowable returns. Pleasingly, this was recognised by the market, with the shares rallying 7.7% during the month.

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 SUSTAINABILITY FUND

FUND OUTLINE

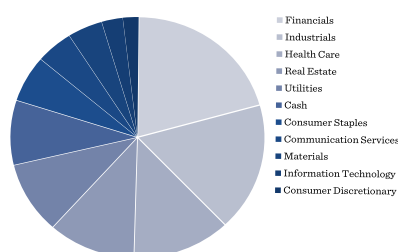
The **Devon Sustainability Fund** invests in a select portfolio of well researched New Zealand and Australian listed companies.

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	60.6%	Cash	8.6%
Australian Equities	30.8%	Total	100.0%

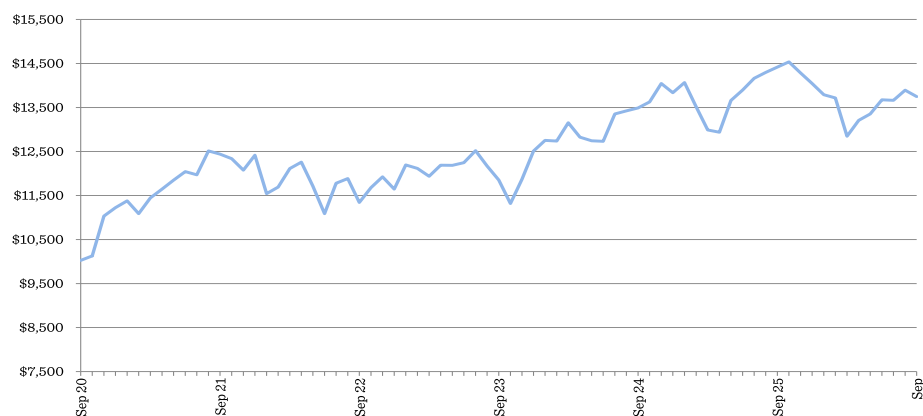
PERFORMANCE

	1 Mth	3 Mth	1 Yr p.a.	3 Yr p.a.	5 Yr p.a.
Devon Sustainability Fund	-1.0%	0.5%	-4.7%	5.1%	2.0%
50:50 NZX50 Portfolio Index & ASX200 Index	-1.8%	0.6%	1.6%	8.4%	3.8%

*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

The Sustainability Fund returned -1.0% in September but outperformed its benchmark. Positive portfolio contributors during the month included Australian hospital operator Ramsay Healthcare (+9.5%) and annuity provider Challenger (+7.5%). Outperformance relative to benchmark was also helped by not holding shares in the two largest members of the S&P/ASX 200 Index, Commonwealth Bank (-5.6%) and BHP (-6.1%), which each fell during the month. Commonwealth Bank is a longstanding underweight based on valuation, a view strengthened by the deteriorating Australian economic and residential property environment. BHP is currently excluded from consideration for this Fund due to concerns over their potential contravention of the United Nations Global Compact Alignment principle that businesses should support and respect the protection of internationally proclaimed human rights. Even were that not the case (and we know BHP are working hard to address these matters), mining remains a vexed issue for sustainability investors who must weigh the potential environmental harm of the mining process against the need for the metals they produce to facilitate the clean energy transition.

PORTFOLIO MANAGER

Josh Wilson



Josh is Portfolio Manager for the Sustainability Fund, contributes to our Core strategies, and has overall management responsibility for Devon Funds. Josh

has worked in funds management and equity research for over 20 years, both in New Zealand and overseas.

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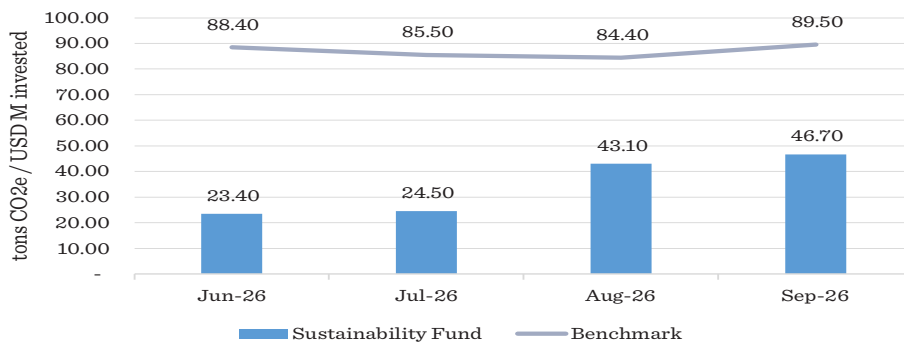
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DEVON SUSTAINABILITY FUND

CARBON INTENSITY - PORTFOLIO VS BENCHMARK

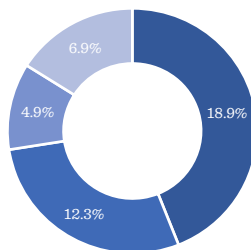
Financed Carbon Emissions - Portfolio vs Benchmark



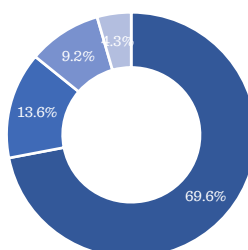
PORTFOLIO CARBON EMISSIONS BY KEY SECTORS

Portfolio Carbon Emissions by Key Sectors

Portfolio value by sector



Portfolio carbon emission by sector



■ Industrials ■ Utilities ■ Materials ■ Consumer Staples ■ Industrials ■ Utilities ■ Materials ■ Consumer Staples

The Industrials, Utilities, Health Care and Consumer Staples sectors make up 43.0% of the portfolio by value, but they account for 96.7% of the carbon emissions in the portfolio.

ESG PORTFOLIO SUMMARY

	MSCI ESG Ratings	MSCI ESG Quality score	
Portfolio	AA	7.52	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	1 Yr	3 Yr	5 Yr
ESG relative performance	0.5%	-0.0%	-0.1%	2.4%	5.3%

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

**Please note due to an issue with MSCI, we have not provided updated data for the month ending 31 May. This will be updated in next months reporting once we are comfortable with accuracy.

PORTFOLIO HOLDING'S DISCLOSURE SUMMARY

Portfolio Holding's Summary

% of companies reporting to TCFD standards	98.0%
% of companies committed to Net Zero	72.5%
% of companies committed to Carbon Neutral	7.8%
% of companies with no commitment to either	19.6%

STEWARDSHIP

This month the investment team had a governance engagement with the Chair of Tower. The Chair outlined the board's ambition for Tower to move beyond taking the market share left to it as a smaller player, and to grow share by outperforming larger overseas competitors that are less focused on New Zealand. The board sees speed of decision-making and risk-based pricing as its key advantages, with scale the main challenge.

Over the next three years, the priorities are completing the transition away from legacy systems, using that platform to adopt new technology such as AI, and selectively re-entering product areas.

On governance, the board recently set out to recruit one director but is now appointing two to strengthen a small five-member board, and improve the mix of skills.



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	0.40	1.04	-0.64
Credit*	4.80	4.25	0.55
Asset Backed Securities	0.04	0.01	0.03
Mortgage Backed	0.99	0.66	0.33
Commercial Mortgage	0.01	0.02	-0.01
Other	0.01	0.08	-0.07
Cash Offset	-	-	-
	6.25	6.06	0.19

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	-3.56	0.39	-3.96
AAA	33.03	11.93	21.09
AA	27.48	38.80	-11.32
A	15.17	35.03	-19.86
BBB	17.11	13.59	3.51
BB	4.63	0.00	4.63
B	3.52	0.00	3.52
Below B	0.17	-	0.17
Cash Offset	0.96	-	0.96
Not Rated	1.51	0.25	1.26
	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 2026

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 defines 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	3 Yr p.a	Since Inception
Devon Global Impact Bond Fund	-2.1%	-3.4%	-2.3%	3.6%	0.8%
Bloomberg Global Aggregate Index Hedged NZD	-1.8%	-2.9%	-2.1%	3.3%	0.8%
PERFORMANCE	1 Mth	3 Mth	1 Yr	3 Yr p.a	Since Inception
Devon Global Sustainability Fund	2.1%	4.7%	21.3%	18.6%	13.1%
MSCI All Country World Index in NZD, 50% hedged to NZD	1.4%	1.6%	18.0%	22.4%	15.1%

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

KEY HOLDINGS*



*Key Holdings as at 30 September 2026

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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ARTESIAN GREEN AND SUSTAINABLE BOND FUND (NZD)

FUND OUTLINE

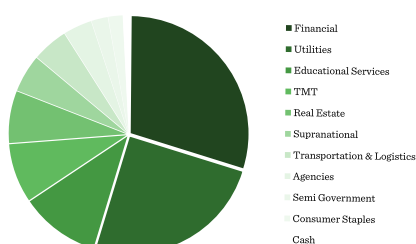
The **Artesian Green and Sustainable Bond Fund (NZD)** offers New Zealand-based investors a Portfolio Investment Entity (PIE) vehicle through which to invest in the Artesian Green and Sustainable Bond Fund (AUD).

Through this structure, the Fund will invest in a diversified portfolio of liquid, predominately investment grade fixed and floating rate green and sustainable 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)	97.5%	Cash	2.5%
Currency Hedge (100% to NZD)	100.1%	Total	100.0%

PERFORMANCE

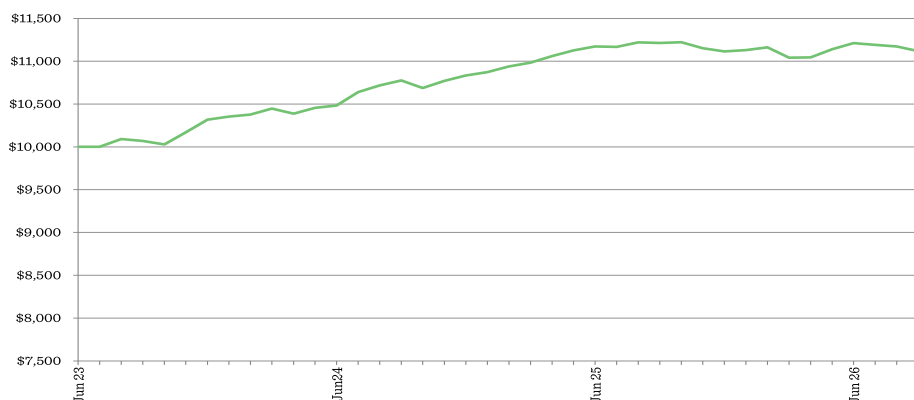
	1 Mth	3 Mth	1 Yr	2 Yr	3 Yr	Since Inception
Artesian Green & Sustainable Bond Fund (NZD)*	-0.49%	-0.84%	-0.87%	1.57%	3.36%	3.52%
Artesian Green & Sustainable Bond Fund PIR Return (NZD)**	-0.49%	-0.69%	-0.38%	2.11%	3.86%	3.98%
Bloomberg AusBond Composite 0-5 Yr Index 100% Hedged to NZD	-0.41%	-0.60%	-0.24%	1.77%	3.41%	3.55%

*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.

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

The Underlying Fund's underperformance versus benchmark in September was driven by the overweight credit duration positioning (credit spreads were higher/wider) and the overweight interest rate duration positioning (interest rates were higher/wider). The Fund's running yield of 4.18% versus the benchmark's 3.53%, had a positive contribution to this month's return.

Outperformance came from the Underlying Fund's positions in Optus Finance (Sustainability-Linked), Australian Catholic University (Sustainable), Woolworths (Sustainability-Linked), Macquarie University (Sustainable) and NBN (Green). Underperformance came from the Underlying Fund's positions in BPCE SA (Social), ANZ Banking Group (Sustainable), Investa Commercial Property Fund (Green), Power SA (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.



ARTESIAN SHORT DURATION CORPORATE BOND FUND (NZD)

FUND OUTLINE

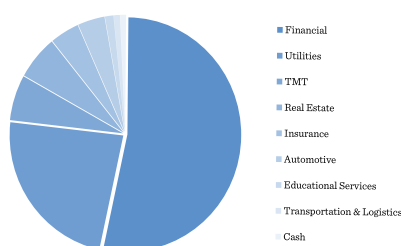
The **Artesian Short Duration Corporate Bond Fund (NZD)** offers New Zealand-based investors a Portfolio Investment Entity (PIE) vehicle through which to invest in the Artesian Corporate Bond Fund (AUD).

Through this structure, the Fund will invest in a diversified portfolio of liquid, predominately investment grade fixed and floating rate corporate bonds. It is an actively managed absolute return fund that aims to achieve consistent returns above the benchmark.

KEY HOLDINGS



ASSET ALLOCATION



ALLOCATION

Artesian Short Duration Corporate Bond Fund (NZD)	95.9%	Cash	4.1%
Currency Hedge (100% to NZD)	99.8%	Total	100.0%

PERFORMANCE

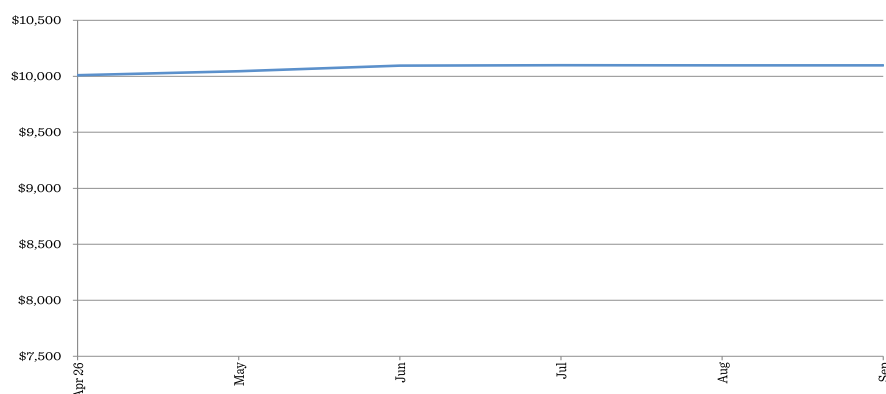
	1 Mth	3 Mth	Since Inception
Artesian Short Duration Corporate Bond Fund (NZD)*	0.0%	0.0%	1.0%
Artesian Short Duration Corporate Bond Fund PIR Return (NZD)**	0.0%	0.3%	1.3%
Bloomberg AusBond Composite 0-3 Yr Index 100% Hedged to NZD	-0.1%	0.0%	0.8%

*Artesian Short Duration Corporate Bond Fund (NZD) returns are after all fees and expenses, but before tax which varies by investor.

**Artesian Short Duration Corporate 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.

NET PERFORMANCE

Based on \$10,000 invested at 30 April 2026



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

COMMENTARY

The Underlying Fund's outperformance versus benchmark in September was driven by the underweight interest rate duration positioning (interest rates were higher/wider). The Underlying Fund's overweight credit duration positioning was a detractor versus benchmark (credit spreads were higher/wider). The Fund's running yield of 4.47% versus the benchmark's 3.47%, had a positive contribution to this month's return.

Outperformance came from the Underlying Fund's positions in Anglian Water Services, Mercury NZ, AGI Finance and Victoria Power Networks. Underperformance came from the Underlying Fund's positions in Banque Fédérative du Crédit Mutuel, Societe Generale, BPCE SA, Transgrid and Engie SA.

PORTFOLIO MANAGER

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