

### Devon Funds 2026 Predictions

As we turn the page on 2025, it's time once again to gaze into the future and assess the key themes, risks, and opportunities that are likely to shape global markets and investment portfolios in 2026.

Looking back on 2025, global markets delivered solid, albeit more varied, performance. The US remained a leader, with strong contributions from the mega-cap technology stocks that had driven growth in recent years. While AI optimism continued to be a dominant market driver, investors became more selective, rewarding companies that delivered tangible earnings over those riding on speculative potential. Periodic volatility, particularly driven by geopolitical tensions and inflation concerns, marked the year, but the overall sentiment remained constructive, supported by steady economic growth and recovery across multiple sectors.

Central banks continued easing policies, though the pace and magnitude of rate cuts varied by region. Inflation proved more persistent than expected, but global growth largely held up, exceeding the more pessimistic forecasts. New Zealand emerged from recession as interest rate cuts began to work through the economy, with the NZX posting a solid year. The performance of dividend-paying stocks and improving domestic sentiment supported this rebound, though the local index still lagged the MSCI All World Index.

Reflecting on our 2025 predictions, we again had more successes than missteps. Markets trended higher, volatility indeed returned, and global growth landed softer than anticipated. The US rate cuts were fewer than expected, China's stimulus measures were effective, and M&A activity did pick up. AI continued to infiltrate daily life, and geopolitical risks remained a key concern. However, we overestimated the rotation from mega-cap...[READ MORE](#)

### MARKET INDICES

Index	Region	Monthly Return	1 Yr. Return
S&P/NZX50G	NZ	0.4%	3.3%
S&P/ASX200G	AUSTRALIA	1.3%	10.3%
MSCI World Index	GLOBAL	0.8%	21.6%
S&P500	USA	0.1%	17.9%
FTSE100	UK	2.3%	25.8%
NIKKEI 225	JP	0.3%	28.7%
NZ 90 Day Bank Bill	NZ	0.2%	3.6%
Bloomberg Global Aggregate Index (NZD)	GLOBAL	-0.4%	3.7%

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### AT A GLANCE

Prices as at 31 December 2025

DEVON ALPHA FUND	\$2.3857
DEVON AUSTRALIAN FUND	\$1.9625
DEVON DIVERSIFIED INCOME FUND	\$1.5369
DEVON DIVIDEND YIELD FUND	\$2.1094
DEVON GLOBAL IMPACT BOND FUND	\$1.3424
DEVON GLOBAL SUSTAINABILITY FUND	\$2.2016
DEVON TRANS-TASMAN FUND	\$5.2837
DEVON SUSTAINABILITY FUND	\$3.3434
ARTESIAN GREEN & SUSTAINABLE BOND FUND	\$1.0183

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## DEVON ALPHA FUND

## FUND OUTLINE

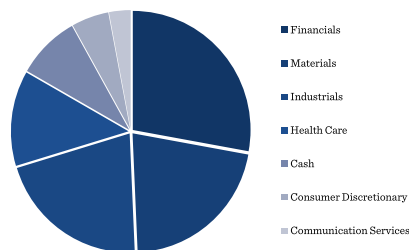
The **Alpha Fund** invests in a concentrated portfolio of approximately 10 to 15 select companies predominantly listed on the NZ and Australian share markets.

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	54.0%	Cash	8.7%
Australian Equities	37.3%	Total	100.0%
Currency Hedge	101.0%		

## PERFORMANCE

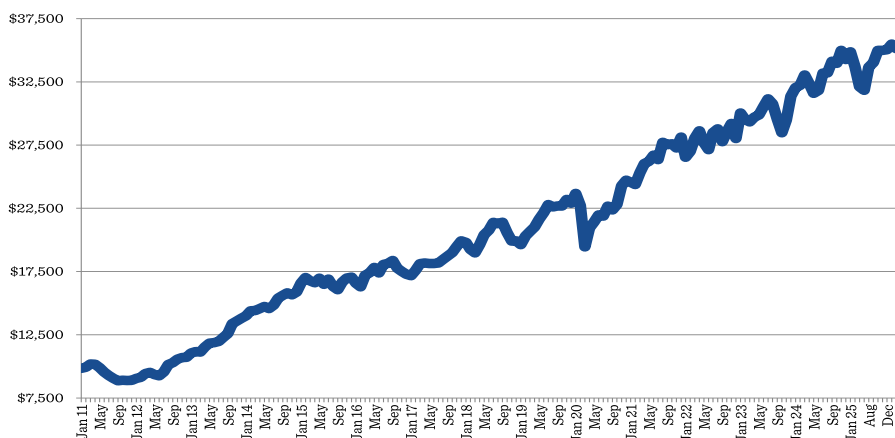
	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	10 Yr p.a
Devon Alpha Fund	0.2%	0.4%	2.6%	7.9%	7.3%	7.4%
<b>OCR + 5%</b>	0.6%	1.9%	8.5%	9.9%	6.7%	4.1%

\*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

The Alpha strategy generated a small positive return during December. There were a number of important contributors to this outcome. These included positive impacts from our investments in Capstone Corporation (+14.9%) and Freightways (+3.6%) but these were offset by weakness in Infratil (-5.1%) and Summerset (-2.1%). Both Infratil and Summerset have been successful holdings for the portfolio over the past year but succumbed to profit taking in the latter stages of the month. Although we are disappointed that the final 6-months of 2025 didn't produce stronger returns for this portfolio we have high conviction that the companies we currently own will deliver strong risk-adjusted outcomes for us in the current year. We have also fully hedged our Australian dollar exposure (which comes from our ASX listed investments), and although that has meant that we haven't enjoyed benefit from the recent depreciation in the New Zealand dollar, it again demonstrates our commitment to only take investment risk in areas that we have strong confidence in.

## 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

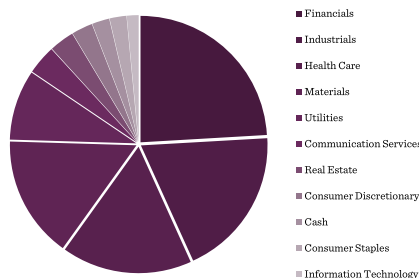
The **Trans-Tasman Fund** provides a broad and actively managed exposure to the New Zealand and Australian equity markets.

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

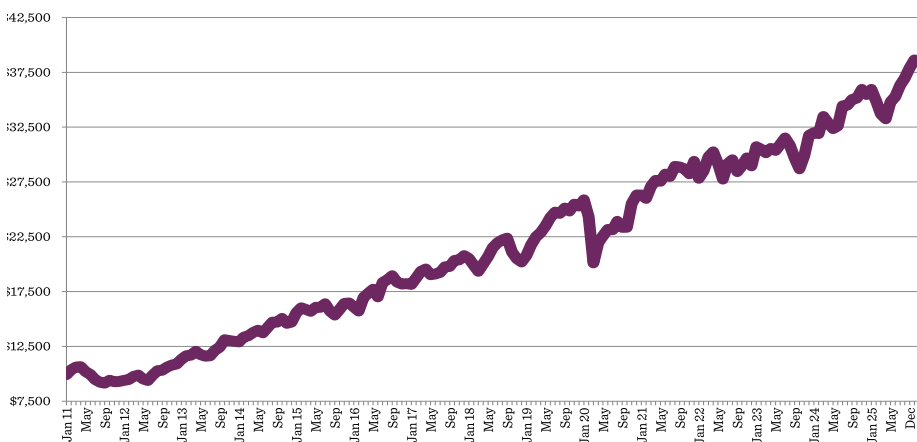
New Zealand Equities	55.8%	Cash	2.3%
Australian Equities	41.9%	Total	100.0%

PERFORMANCE	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	10 Yr p.a
Devon Trans-Tasman Fund	1.5%	3.0%	10.1%	10.4%	8.2%	8.7%
50:50 NZX50 Gross & ASX200 Index Unhedged	1.6%	1.2%	9.5%	10.0%	6.2%	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

There were a number of positive contributors to our portfolio during the month including Capstone Copper and Dalrymple Bay (both up over 10.0%) and BHP which finished up 9.2%. Key detractors included Infratil, Resmed and Carsales.

Macquarie rallied 3.1% and we see an improved outlook for this business over the next 12 months. The group's Banking and Financial Services division continues to grow at three to four times the system rate in mortgage lending and now represents 6.7% of the market, with further gains likely in FY27. Macquarie Capital is expected to benefit from rising capital markets activity and improved realisations. For Macquarie Asset Management, ongoing capital deployment and higher performance fees from data centre sales are expected to drive stronger performance. The only soft area remains Commodities and Global Markets, but after rebasing, any volatility-related upside does not appear to be fully priced in. At 16.5x FY27 earnings, Macquarie compares favourably against the broader banking sector.

## 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

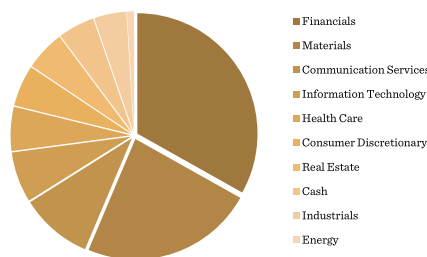
The **Australian Fund** invests in a select portfolio of companies, which are primarily Australian listed companies.

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	4.9%
Australian Equities	95.1%	Total	100.0%

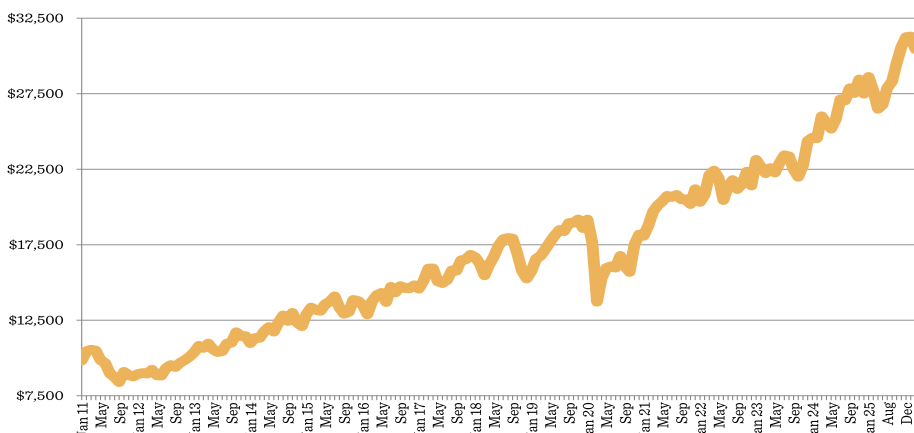
## PERFORMANCE

	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	10 Yr p.a
Devon Australian Fund	1.0%	-1.6%	11.8%	12.8%	11.1%	8.4%
ASX200 Index Gross (NZD)	2.8%	0.6%	15.8%	14.3%	11.6%	10.3%

\*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

Resource stocks had a strong month with positive contributions from Capstone Copper Corp (+14.9%), Rio Tinto (+11.0%), and Newmont Corporation (+7.7%). Detractors from performance included AUB Group (-17.3%), CAR Group (-11.5%), and ResMed (-8.6%).

Capstone Copper performed well as the copper price continues to shift higher. We see copper as having several structural advantages, including challenges with bringing new supply to market and the degradation of mining grades at some of the world's biggest copper mines. Additionally, the outlook for global demand continues to strengthen thanks to the increasing demand for electric vehicles, renewable energy, digital infrastructure, and the upgrading of global electricity grids. Capstone Copper owns and operates mines in the US, Mexico, and Chile. The company is in a strong position as it is significantly increasing its copper production into a tightening copper market. The company is targeting over 10% growth per annum in production over the next five years, assuming management executes on its stated strategy.

## PORTFOLIO MANAGER

Ben Jenkin



Ben has primary responsibility for stock selection and portfolio construction for the Australian and 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 DIVIDEND YIELD FUND

## FUND OUTLINE

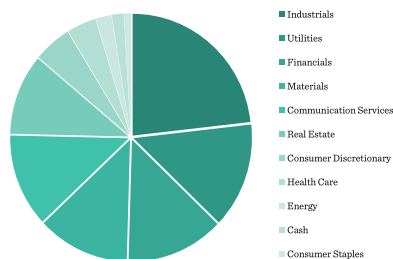
The **Devon Dividend Yield Fund** invests in a carefully selected portfolio of New Zealand and Australian listed companies.

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	66.1%	Cash	1.6%
Australian Equities	32.3%	Total	100.0%
Currency Hedge	96.8%	Yield	5.4%

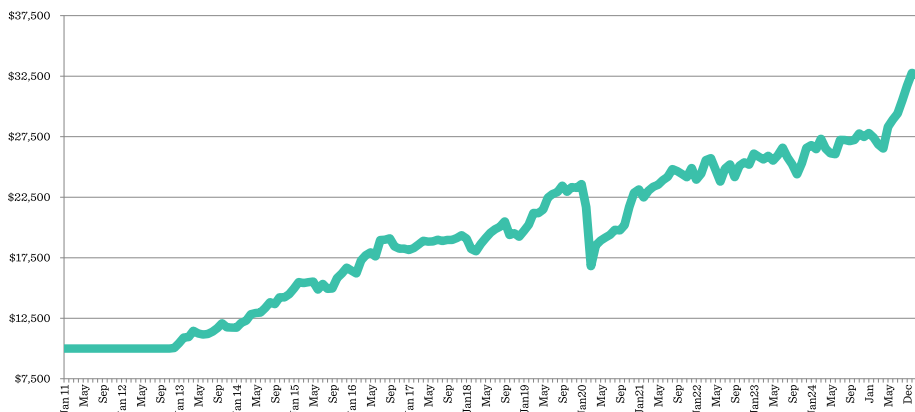
## PERFORMANCE

	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	Since Inception
Devon Dividend Yield Fund	0.5%	3.2%	19.2%	9.2%	7.5%	9.6%
50:50 NZX50 & ASX200 Index Gross	0.9%	0.5%	6.8%	8.5%	5.3%	10.0%

\*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





## DEVON DIVERSIFIED INCOME FUND

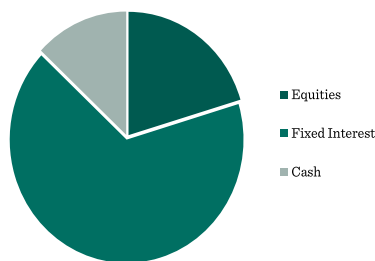
## FUND OUTLINE

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	18.5%
Australian Equities	9.0%
Bonds	60.6%
Cash	11.9%

## PERFORMANCE

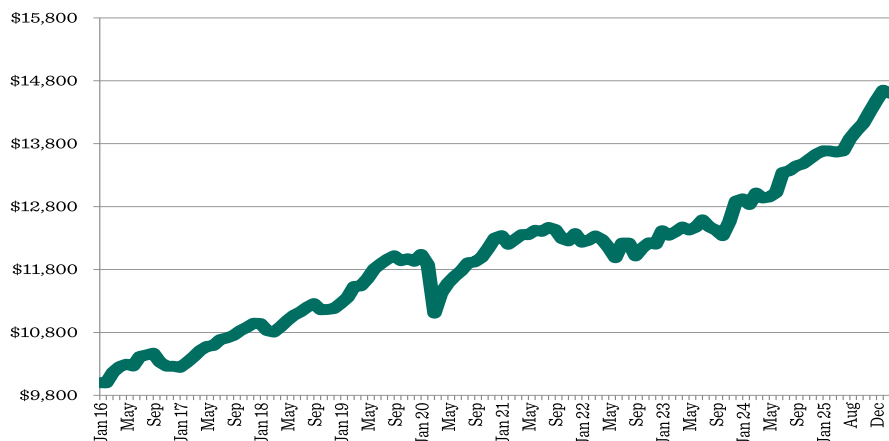
	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	Since Inception
Devon Diversified Income Fund	0.4%	1.1%	7.5%	6.3%	3.6%	4.0%
75% BB Composite 0-5yr Index, 25%						
50:50 Composite NZX50 Gross and ASX 200 Index hedged to NZD	0.1%	-0.1%	4.4%	6.0%	4.7%	2.9%

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

\*\*The Devon Diversified Income Fund's benchmark changed to a blended market index from 10th December 2024.

## 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](#)

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## COMMENTARY

Global bond yields moved slightly higher during the month with the interest rate on US 10-year Treasuries finishing at 4.12%. The US Federal Reserve agreed to cut interest rates at its December meeting by 0.25%, but as the subsequent minutes demonstrated, this was only after much debate about the current state of the US economy. Although some voting members believed that no cut was appropriate, ultimately it was agreed that further policy support would help stabilize the labour market, after a recent slowdown in job creation. The move has now lowered the Fed's benchmark overnight interest rate to a range of between 3.5% to 3.75% and the market is now only forecasting one additional cut in 2026. The RBNZ did not review their monetary policy settings during the month but New Zealand third-quarter GDP was reported as growing by 1.1%, which was notably higher than expectations.

## 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

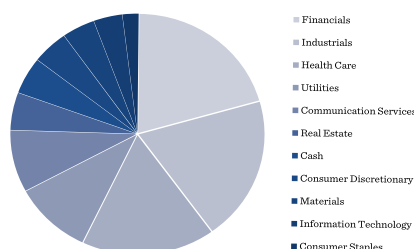
**NAPIER**  
PORT  
Te Herenga Waka o Ahuriri

**ANZ**

**Goodman**

**Summerset**

## ASSET ALLOCATION



## ALLOCATION

New Zealand Equities	58.3%	Cash	5.0%
Australian Equities	36.7%	Total	100.0%

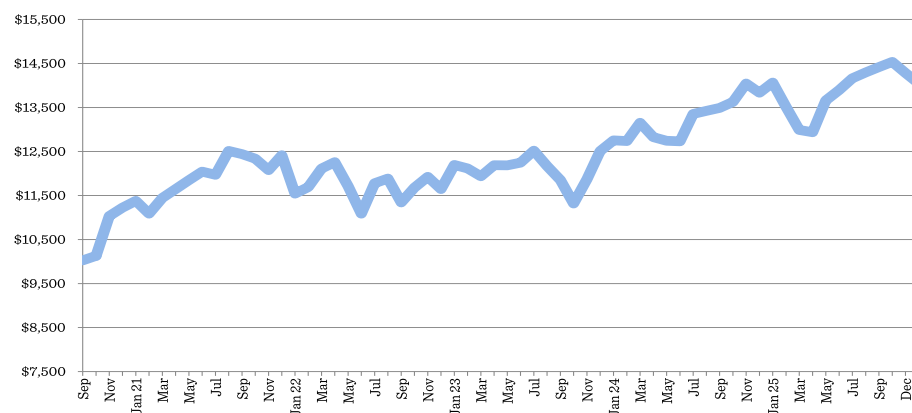
## PERFORMANCE

	1 Mth	3 Mth	1 Yr p.a	3 Yr p.a	Since Inception
Devon Sustainability Fund	-1.7%	-2.6%	1.5%	6.5%	6.6%
50:50 NZX50 Portfolio Index & ASX200 Index	1.0%	0.7%	9.0%	8.6%	7.7%

\*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 disappointingly generated a softer return to finish the year. A key holding, AUB Group, which had been subject to a non-binding indicative proposal from a consortium of investors to acquire the company decided to not proceed at a price of \$45 per share. This drove the shares down 17.3% in the month. We added to our position after the move as we continue to significant value in the business. Another stock that continues to detract from our performance is CAR Group (-11.5%). After delivering a robust result back in August, the shares have derated on what appears to be investor concerns over the impacts from AI. After several conversations with the company, we think that whilst there are risks of a change in certain customer behaviours driven by AI, the company has significant opportunities to leverage AI across its platforms and proprietary data, enhancing what is already a very strong competitive proposition.

Stocks that made a positive contribution to performance were Napier Port (+4.5%), ANZ Group Holdings (+6.7%), and Goodman Group (+4.4%).

## PORTFOLIO MANAGER

**Ben Jenkin**



Ben has primary responsibility for stock selection and portfolio construction for the Australian and 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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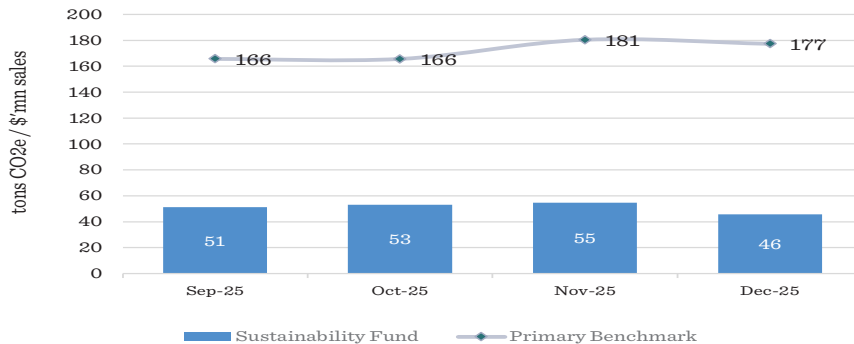
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## DEVON SUSTAINABILITY FUND

## CARBON INTENSITY - PORTFOLIO VS BENCHMARK

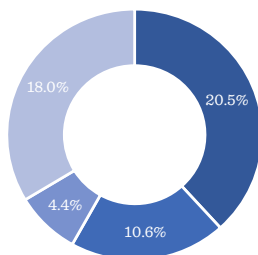
Carbon Intensity - Portfolio vs Benchmark



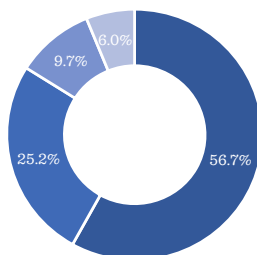
## PORTFOLIO CARBON EMISSIONS BY KEY SECTORS

Portfolio Carbon Emissions by Key Sectors

Portfolio value by sector



Portfolio carbon emission by sector



■ Industrials ■ Utilities ■ Materials ■ Healthcare

■ Industrials ■ Utilities ■ Materials ■ Healthcare

The industrials, utilities, health care and materials sectors make up 53.5% of the portfolio by value, but they account for 97.6% of the carbon emissions in the portfolio.

## ESG PORTFOLIO SUMMARY

	MSCI ESG Ratings	MSCI ESG Quality score	
Portfolio	AA	7.47	Portfolio Sustainability Fund
Benchmark	AA	7.44	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	0.3%	0.2%	1.0%	1.9%	5.2%

\*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	89.2%
% of companies committed to Net Zero	67.6%
% of companies committed to Carbon Neutral	16.2%
% of companies with no commitment to either	16.2%

## STEWARDSHIP

On December 18, it was reported that a worker at Cleanaway's Melbourne regional landfill facility died after being struck by a truck. This marked the ninth fatality in three years at Cleanaway.

Our investment team spent considerable time discussing whether these incidents could be isolated and, at worst, terrible losses that were unavoidable. However, we found it difficult to understand how, based on the sheer number of fatalities and their ongoing occurrence, this could not be systematic in nature and reflective of poor health and safety standards and culture across the business.

As a result, we sent a letter to the Chairman of Cleanaway Waste Management Group expressing our concerns. While we acknowledged that the company is in the process of reviewing its safety practices and has made changes to the safety weighting within the short-term incentive component of remuneration, we further urged the company to investigate and address the issues outlined in the letter with urgency and to implement best-practice health and safety procedures across the entire organisation.

## 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

Contribution to Duration (Years)			
Sector	Account	Benchmark	Difference
Cash & Cash Equivalents	-0.00	-0.00	-0.00
US Government	1.27	1.11	0.16
Credit*	4.28	4.51	-0.22
Asset Backed Securities	0.04	0.01	0.03
Mortgage Backed	0.74	0.57	0.17
Commercial Mortgage	0.02	0.02	-0.00
Other	0.02	0.09	-0.07
Cash Offset	-	-	-
	6.37	6.30	0.06

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

Percent of Market Value			
Quality	Account	Benchmark	Difference
Cash	-1.09	0.33	-1.42
AAA	33.62	12.08	21.55
AA	29.18	38.84	-9.66
A	13.75	34.30	-20.55
BBB	15.00	14.18	0.81
BB	5.95	0.01	5.95
B	3.52	-	3.52
Below B	0.27	-	0.27
Cash Offset	-1.42	-	-1.42
Not Rated	1.21	0.25	0.95
	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 December 2025

## 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	3 Yr p.a	Since Inception
Devon Global Impact Bond Fund	-0.28%	0.6%	4.1%	4.8%	1.7%
Bloomberg Global Aggregate Index Hedged NZD	-0.36%	0.4%	3.7%	4.4%	1.6%

PERFORMANCE	1 Mth	3 Mth	1 Yr	3 Yr p.a	Since Inception
Devon Global Sustainability Fund	1.5%	2.3%	6.8%	15.0%	10.7%
MSCI All Country World Index in NZD, 50% hedged to NZD	0.8%	3.8%	19.2%	22.5%	14.4%

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

## KEY HOLDINGS\*



\*Key Holdings as at 31 December 2025

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.

## Devon Funds Management Limited

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



## ARTESIAN GREEN AND SUSTAINABLE BOND FUND (NZD)

## FUND OUTLINE

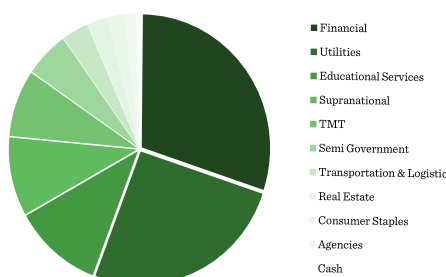
The **Artesian Green and Sustainable Bond Fund (NZD)** offers New Zealand-based investors a Portfolio Investment Entity (PIE) vehicle through which to invest in the Artesian Green and Sustainable Bond Fund (AUD).

Through this structure, the Fund will invest in a diversified portfolio of liquid, predominately investment grade fixed and floating rate green and sustainable 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)	98.0%	Cash	2.0%
Currency Hedge (100% to NZD)	100.4%	Total	100.0%

## PERFORMANCE

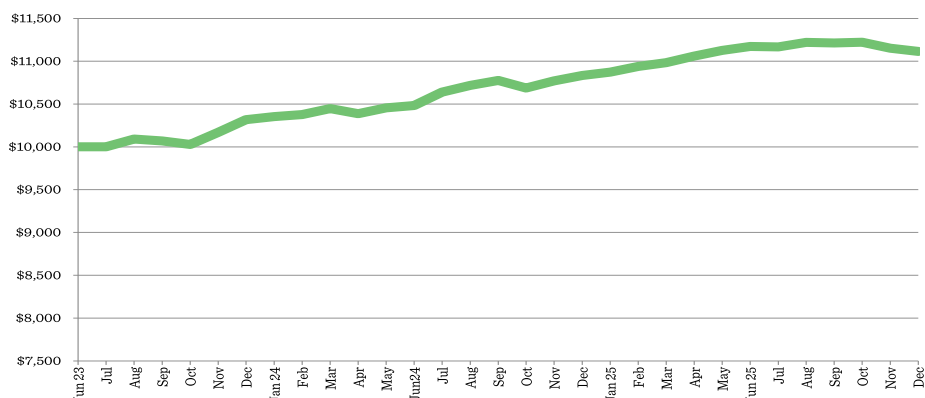
	1 Mth	3 Mth	1 Yr	2 Yr p.a	Since Inception
Artesian Green & Sustainable Bond Fund (NZD)*	-0.35%	-0.90%	2.60%	3.79%	4.57%
Artesian Green & Sustainable Bond Fund PIR Return (NZD)**	-0.35%	-0.79%	3.19%	4.33%	5.01%
Bloomberg AusBond Composite 0-5 Yr Index 100% Hedged to NZD	-0.31%	-0.60%	2.66%	3.69%	4.47%

\*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](#)

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## COMMENTARY

The Fund's underperformance versus benchmark in December was driven by the overweight interest rate duration positioning (interest rates were higher/wider). However, this was largely offset by the Fund's overweight credit duration positioning (credit spreads were lower/tighter).

Outperformance in December came from the Fund's positions in Mercury (Green), BPCE SA (Social), Industrial Bank of Korea (Green), KFW (Green) and Woolworths (Sustainability-Linked). Underperformance came from the Fund's positions in ANZ (Sustainable) and Bank Australia (Sustainable).

## 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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