

Opportunity knocks - the case for further asset sales

By Greg Smith, Head of Retail at Devon Funds

The debate about asset sales has recently been thrust into the political limelight, with David Seymour vocalising the need to reconsider privatisation. This is while Christopher Luxon has stated it will not happen in National's first term, but an election win in 2026 might give him the mandate to do so. Therefore, the discussion over if and what could be sold is likely only to intensify, and rightly so. Willing buyers are waiting in the wings.

In addition to helping plug a gaping debt load and reducing the interest burden, one of the arguments for asset sales is that New Zealand should make far better use of its assets to drive economic growth. The argument is highly pertinent to the Kiwi economy, which is experiencing the worst recession in over 30 years.

The debate over whether we should engage in further asset sales is multi-faceted and involves philosophical, economic, and practical considerations. There is also the school of thought that it should not be discussed, given the risks of selling off more "crown jewels" too cheaply, losing effective control and creating societal risks.

From an initial philosophical standpoint, the case for government asset sales is anchored in the belief that the private sector is more efficient at managing businesses (unless there is a compelling public interest). The private sector, driven by profit motives and competition, tends to be more efficient and innovative.

This has become highly apparent in recent years. The mixed ownership model, where the government retains a stake while selling a portion to private investors, has proven hugely successful. The partial privatisation of the "gentiles" has resulted in significant dividends for the government while improving...[READ MORE](#)

MARKET INDICES

Index	Region	Monthly Return	1 Yr. Return
S&P/NZX50G	NZ	-3.0%	7.3%
S&P/ASX200G	AUSTRALIA	-3.8%	9.9%
MSCI World Index	GLOBAL	-0.7%	16.1%
S&P500	USA	-1.3%	18.4%
FTSE100	UK	2.0%	19.8%
NIKKEI 225	JP	-6.0%	-3.4%
NZ 90 Day Bank Bill	NZ	0.3%	5.4%
Bloomberg Global Aggregate Index (NZD)	GLOBAL	1.2%	5.6%

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AT A GLANCE

Prices as at 28 February 2025

DEVON ALPHA FUND	\$2.3578
DEVON AUSTRALIAN FUND	\$1.8389
DEVON DIVERSIFIED INCOME FUND	\$1.4787
DEVON DIVIDEND YIELD FUND	\$1.8315
DEVON GLOBAL IMPACT BOND FUND	\$1.3619
DEVON GLOBAL SUSTAINABILITY FUND	\$2.1055
DEVON TRANS-TASMAN FUND	\$4.9158
DEVON SUSTAINABILITY FUND	\$3.3528
ARTESIAN GREEN & SUSTAINABLE BOND FUND	\$1.0474

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DEVON ALPHA FUND

FUND OUTLINE

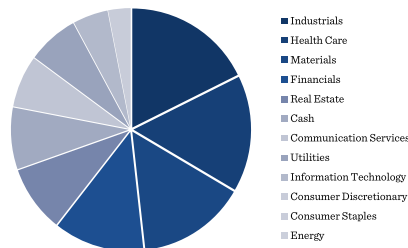
The **Alpha Fund** invests in a concentrated portfolio of approximately 10 to 15 select companies predominantly listed on the NZ and Australian share markets.

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	25.4%	Cash	8.4%
Australian Equities	66.2%	Total	100.0%
Currency Hedge	100.9%		

PERFORMANCE

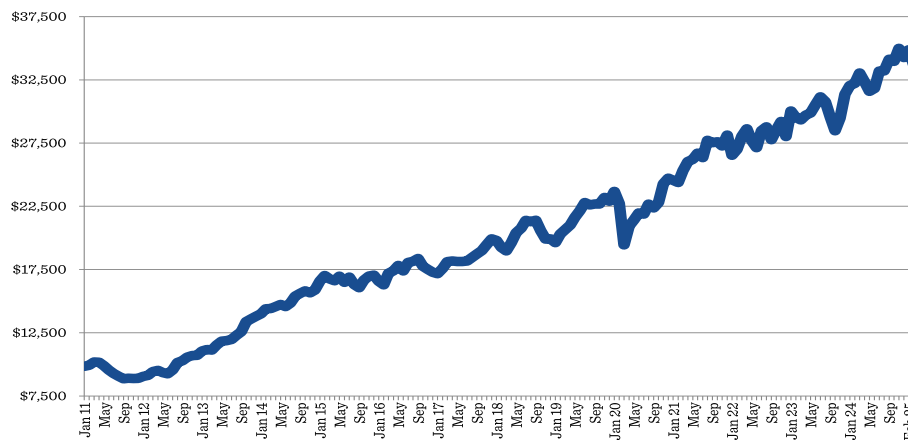
	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	10 Yr p.a
Devon Alpha Fund	-3.4%	-3.7%	4.6%	7.7%	8.2%	7.0%
OCR + 5%	0.7%	2.3%	10.4%	8.8%	5.4%	3.6%

*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 particularly volatile month for equities during February, with investors navigating the implications of US government policy and local companies reporting their earnings. Although the Alpha strategy broadly matched the performance of local markets, we were disappointed that a number of our investments didn't generate better returns, albeit we are confident in the prospects for many of them over the next few months.

One company which did deliver well for us was Seek which reported a 1H25 result that, although lower than the same period last year, did exceed expectations and saw its share price finish the month up 4.4%. Post this result, investors identified that the company is tracking ahead of the yield and cost targets given by management last year, and therefore confidence has increased in Seek's growth prospects over the next few years. We continue to have a meaningful investment in this business.

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

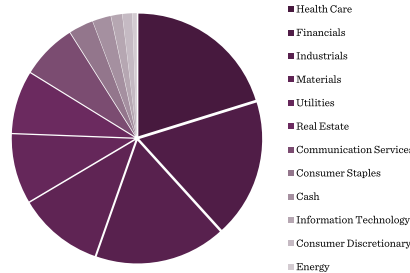
The Trans-Tasman Fund provides a broad and actively managed exposure to the New Zealand and Australian equity markets.

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

Table with 2 columns: Allocation Category (New Zealand Equities, Australian Equities, Cash, Total) and Percentage (47.8%, 49.9%, 2.3%, 100.0%)

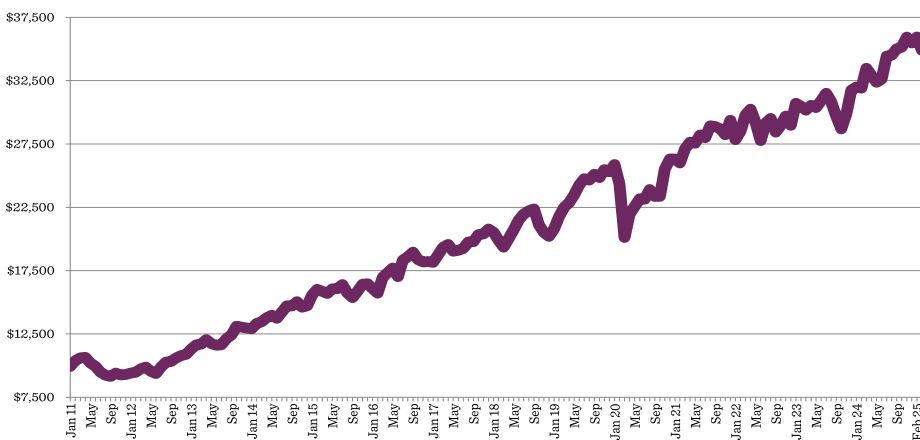
PERFORMANCE

Table with 7 columns: Performance Metric (Devon Trans-Tasman Fund, 50:50 NZX50 Gross & ASX200 Index Unhedged) and Time Periods (1 Mth, 3 Mth, 1 Yr, 3 Yr p.a, 5 Yr p.a, 10 Yr p.a)

*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 strategy performed slightly above its benchmark during the month with a number of investments making positive contributions. Included amongst these were Light & Wonder, Brambles and Telstra. Also benefiting relative performance was the underweight position in Spark which announced a fourth consecutive downgrade.

Brambles delivered a solid result for H1 2025 with most metrics either in-line or ahead of expectations. The company generated core net earnings of \$446m and maintained their guidance for the full year. Their free cash-flow expectations though have been upgraded post a period of rationalisation with their capital expenditure program and improved working capital management. We now see the potential for a further hike in the dividend towards the top of the payout range of 50-70% and an additional \$500m buyback at the August result. Despite its recent strong share price performance, we continue to believe this investment still has valuation support.

PORTFOLIO MANAGER

Tama Willis



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



DEVON AUSTRALIAN FUND

FUND OUTLINE

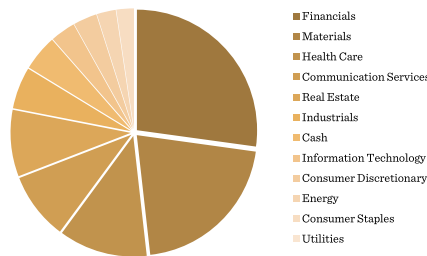
The **Australian Fund** invests in a select portfolio of companies, which are primarily Australian listed companies.

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

KEY HOLDINGS



ASSET ALLOCATION



ALLOCATION

New Zealand Equities	0.0%	Cash	4.8%
Australian Equities	95.2%	Total	100.0%

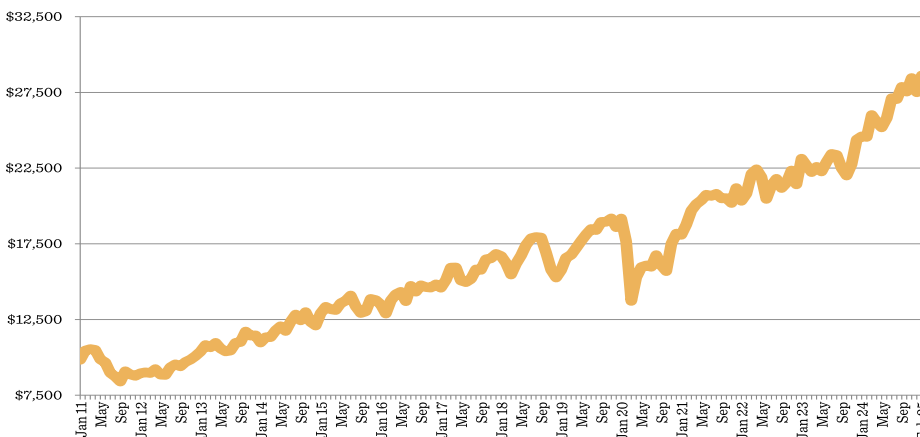
PERFORMANCE

	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	10 Yr p.a
Devon Australian Fund	-3.2%	-2.6%	12.8%	10.0%	9.4%	7.6%
ASX200 Index Gross (NZD)	-3.2%	-1.7%	14.2%	10.5%	10.3%	8.3%

*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

This strategy performed in line with its benchmark during the month, navigating some elevated volatility across the Australian equity market as investors waded through a myriad of earnings releases. The market finished lower during February and despite the weakness being reasonably broad-based, it was the Banking sector which most notably underperformed, finishing down 5.2%. One of our best performers though was QBE who closed up 2.8% after announcing their FY24 results. Investors were encouraged by a strong lift in profitability (+27%) as the general insurer enjoyed the benefits of higher premiums and lower catastrophe costs. Management also provided guidance around underlying profitability for the Group in FY25, which was greater than consensus expectations. Despite their capital position remaining in great shape, the company is being directed towards growth, ahead of capital management, as management have identified attractive organic and inorganic opportunities.

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

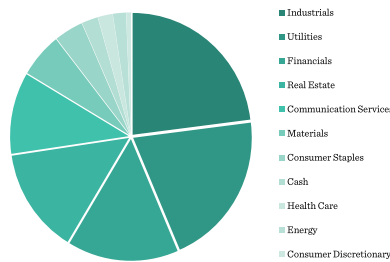
The **Devon Dividend Yield Fund** invests in a carefully selected portfolio of New Zealand and Australian listed companies.

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

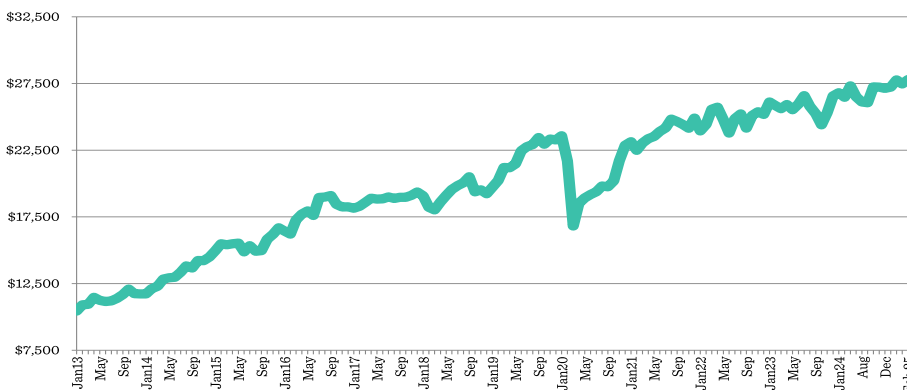
New Zealand Equities	70.7%	Cash	2.4%
Australian Equities	26.9%	Total	100.0%
Currency Hedge	100.7%	Yield	5.7%

PERFORMANCE	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	Since Inception
Devon Dividend Yield Fund	-1.3%	-1.2%	3.6%	3.9%	4.8%	8.7%
50:50 NZX50 & ASX200 Index Gross	-3.4%	-3.1%	8.6%	5.5%	5.6%	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



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 gross distribution for the year ahead of 5.7%. This yield is primarily generated from owning businesses operating within defensive and stable operating sectors, such as electricity utilities, infrastructure, and commercial property. Pleasingly, the portfolio's dividend stream is expected to grow by 4.5% annually over the next three years, versus the RBNZ's CPI forecast of 2.3% over the same period.

This helps ensure investors get dividend growth above inflation and protects their purchasing power. Top performers during February were NZX (+8.1%), Telstra (+7.2%), and the Port of Tauranga (+5.4%). Meanwhile, key detractors were Spark (-22.0%), Manawa (-12.9%), and National Australia Bank (-12.1%). The Port of Tauranga was a standout performer as the company reported their first six months of earnings, which featured 27% earnings growth, an increase in the dividend, and an upgrade to their full-year earnings guidance.

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.



DEVON DIVERSIFIED INCOME FUND

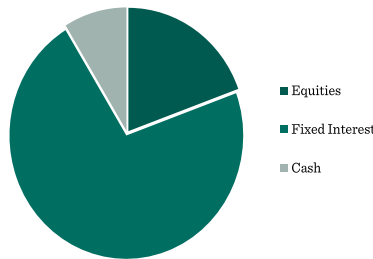
FUND OUTLINE

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	18.1%	Bonds	66.9%
Australian Equities	6.9%	Cash	8.1%

PERFORMANCE

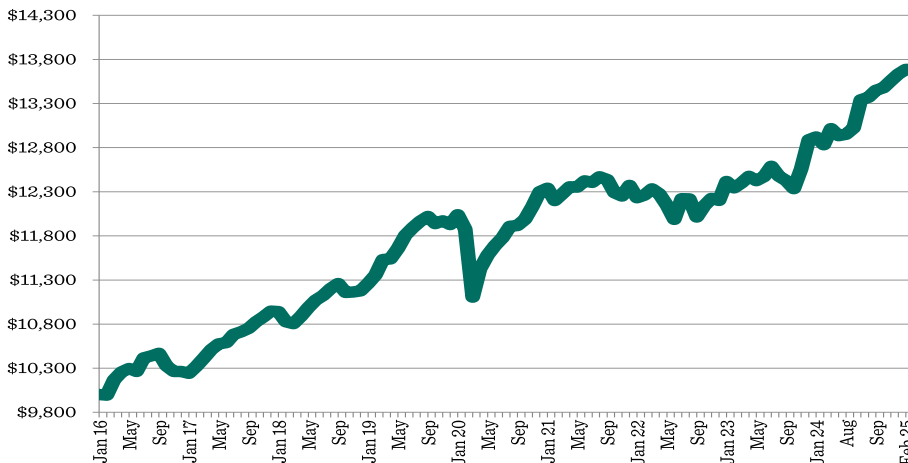
	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	Since Inception
Devon Diversified Income Fund	0.0%	0.9%	6.7%	3.7%	2.9%	3.6%
75% BB Composite 0-5yr Index, 25% 50:50 Composite NZX50 Gross and ASX 200 Index hedged to NZD	-0.5%	0.5%	5.8%	5.8%	4.2%	2.9%

*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 bonds rallied strongly over the month with the yield on US 10-year Treasuries finishing the month at 4.24%, having started February at 4.54%. The Federal Reserve did not meet during the month but there was a substantial amount of economic data released, including a report identifying that US consumer confidence deteriorated at the sharpest pace seen in over 3-years. Alongside this data was a report highlighting that consumer inflation expectations have risen to 6%, which is the highest they have been since mid-2024. The market is now pricing in an expectation of 70% that the Fed will cut rates by 0.25% at its June meeting and then again in September.

The RBNZ did meet and cut the OCR by 0.50% to 3.75%. This was well anticipated and the tone of the announcement accompanying the decision remained dovish. The departing Governor, Adrian Orr signalled the probability of a further 2-3 cuts in 2025, however, the monetary policy impact remains open to consideration in the coming 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.



DEVON SUSTAINABILITY FUND

FUND OUTLINE

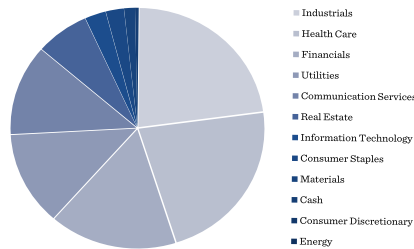
The **Devon Sustainability Fund** invests in a select portfolio of well researched New Zealand and Australian listed companies.

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	56.6%	Cash	0.5%
Australian Equities	43.0%	Total	100.0%

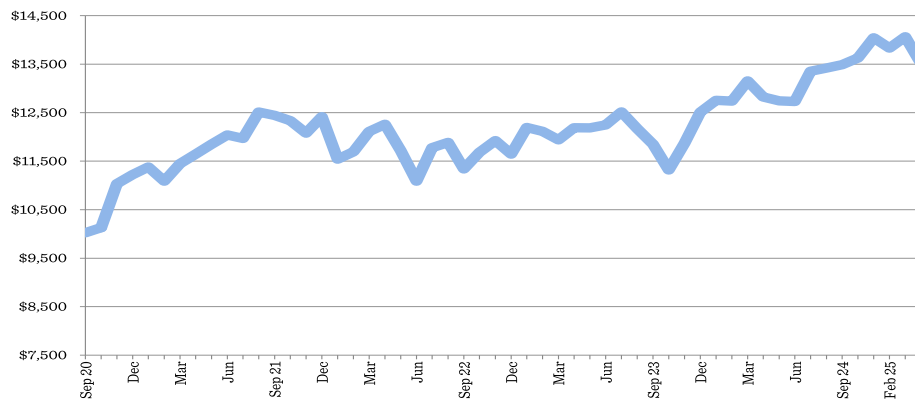
PERFORMANCE

	1 Mth	3 Mth	1 Yr p.a	3 Yr p.a	Since Inception
Devon Sustainability Fund	-3.9%	-3.8%	6.1%	4.9%	6.9%
50:50 NZX50 Portfolio Index & ASX200 Index	-2.8%	-2.3%	8.4%	5.1%	7.0%

*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 delivered a negative return during February, as the New Zealand and Australian stock markets sold off.

Weighing on the Fund's performance in particular were two very large capital raises issued at substantial discounts to their share prices. The first was Goodman Group (-14.1%), which raised AUD\$4b to help fund their significant data centre development pipeline. This was one of the largest capital raisings in Australian corporate history and took the market by surprise. The second was Ryman Healthcare (-23.9%), which raised NZD\$1b following a disappointing trading update that saw sales applications fall by 40% in the December quarter.

A strong performer for the Fund was Telstra Group (+7.2%), which reported a strong result, delivering on all key metrics. The company also announced an AUD\$750 million buy-back program as a result.

PORTFOLIO MANAGER

Ben Jenkin



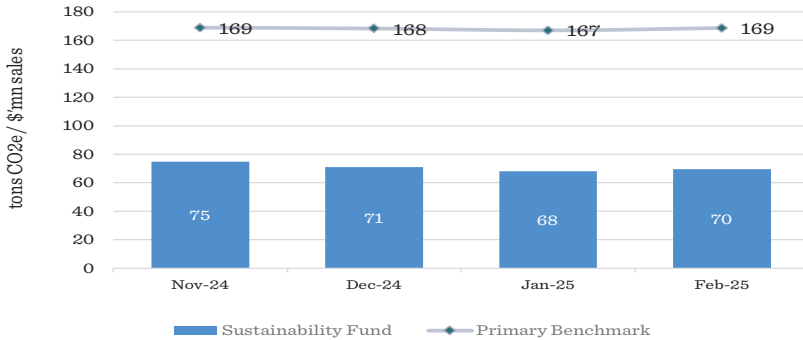
Ben has primary responsibility for stock selection and portfolio construction for the Sustainability Fund. Ben also holds research responsibility for the telco, media and technology sectors, as well as a wide ranging number of industrial companies.



DEVON SUSTAINABILITY FUND

CARBON INTENSITY - PORTFOLIO VS BENCHMARK

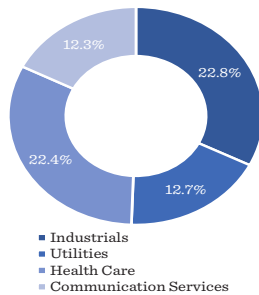
Carbon Intensity - Portfolio vs Benchmark



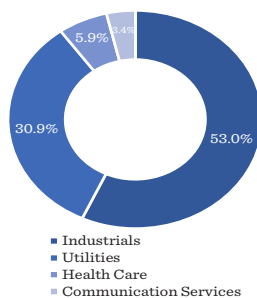
PORTFOLIO CARBON EMISSIONS BY KEY SECTORS

Portfolio Carbon Emissions by Key Sectors

Portfolio value by sector



Portfolio carbon emission by sector



The industrials, utilities, and communication sectors make up 47.8% of the portfolio by value, but they account for 87.3% of the carbon emissions in the portfolio.

ESG PORTFOLIO SUMMARY

	MSCI ESG Ratings	MSCI ESG Quality score	
Portfolio	AA	7.63	Portfolio Sustainability Fund
Benchmark	AA	7.42	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	2.8%	3.8%	4.2%	4.8%	5.9%

*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	90.7%
% of companies committed to Net Zero	72.1%
% of companies committed to Carbon Neutral	9.3%
% of companies with no commitment to either	18.6%

STEWARDSHIP

Within a busy reporting season there have been some pleasing results from an ESG perspective. In general, good progress has been made across companies against their emission reduction targets. These were reported to be on track for the likes of A2 Milk, Brambles, Cleanaway, Rio Tinto, and Santos. 40/40/20 (40% men, 40% women, 20% of any gender) gender diversity targets are becoming common with multiple companies highlighting target setting or achievement of the target. These companies included Scentre Group, Vista Group Holdings and Woodside Energy. On home soil, Summerset reported some positive sustainability updates. They have installed over one thousand solar panels on the main buildings of four villages, reduced embodied carbon by 28% for their townhouse typology, installed a wood pallet boiler at their St Johns village to utilise biomass, and transitioned to using a low carbon concrete as standard for all new build concrete applications.

PORTFOLIO MANAGER

Ben Jenkin



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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	1.06	1.11	-0.05
Credit*	4.06	4.62	-0.57
Asset Backed Securities	0.04	0.01	0.04
Mortgage Backed	0.96	0.62	0.34
Commercial Mortgage	0.04	0.03	0.02
Other	0.01	0.09	-0.07
Cash Offset	-	-	-
	6.19	6.48	-0.29

CREDIT RATING

Percent of Market Value			
Quality	Account	Benchmark	Difference
Cash	-0.13	0.39	-0.52
AAA	32.53	11.57	20.96
AA	37.64	42.66	-5.01
A	8.57	31.06	-22.49
BBB	14.01	14.03	-0.02
BB	6.34	0.04	6.30
B	1.73	-	1.73
Below B	0.07	-	0.07
Cash Offset	-1.33	-	-1.33
Not Rated	0.56	0.26	0.31
	100.00	100.00	

*Duration & Credit Rating as at 28 February 2025

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.

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.

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	1.0%	0.7%	5.5%	5.6%	1.4%
Bloomberg Global Aggregate Index Hedged NZD	1.2%	0.7%	5.6%	5.4%	1.3%

PERFORMANCE	1 Mth	3 Mth	1 Yr	2 Yr p.a	Since Inception
Devon Global Sustainability Fund	-0.9%	1.5%	16.3%	17.8%	12.3%
MSCI All Country World Index in NZD, 50% hedged to NZD	-0.3%	3.4%	20.8%	22.5%	13.0%

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

KEY HOLDINGS*



*Key Holdings as at 28 February 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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FUNDS.**

www.devonfunds.co.nz



ARTESIAN GREEN AND SUSTAINABLE BOND FUND (NZD)

FUND OUTLINE

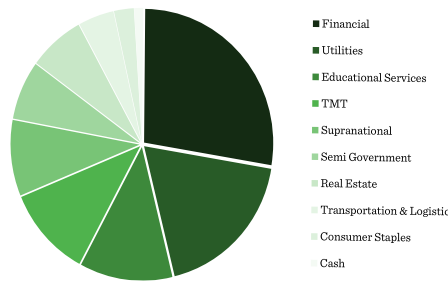
The **Artesian Green and Sustainable Bond Fund (NZD)** offers New Zealand-based investors a Portfolio Investment Entity (PIE) vehicle through which to invest in the Artesian Green and Sustainable Bond Fund (AUD).

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)	99.0%	Cash	1.0%
Currency Hedge (100% to NZD)	99.9%	Total	100.0%

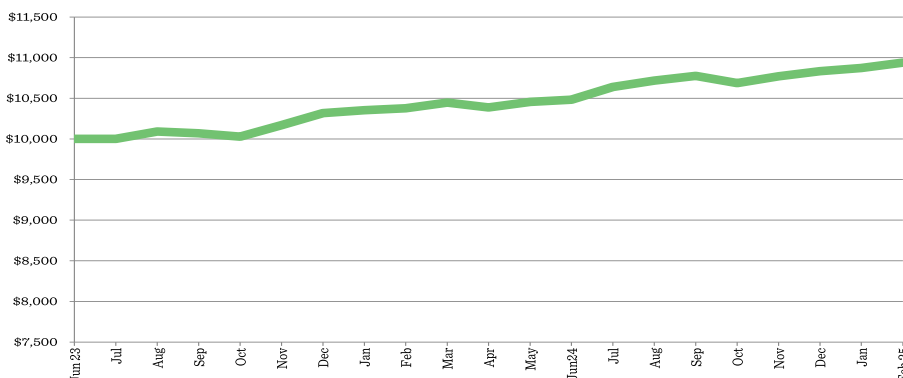
PERFORMANCE

	1 Mth	3 Mth	1 Yr	Since Inception
Artesian Green & Sustainable Bond Fund (NZD)*	0.61%	1.58%	5.43%	5.92%
Artesian Green & Sustainable Bond Fund PIR Return (NZD)**	0.61%	1.68%	5.93%	6.29%
Bloomberg AusBond Composite 0-5 Yr Index 100% Hedged to NZD	0.49%	1.46%	5.02%	5.65%

*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 outperformance versus benchmark in February was driven by the overweight interest rate duration positioning (interest were lower/tighter). The Fund's running yield of 4.52% versus the benchmark's 4.02%, also contributed to the monthly outperformance versus benchmark.

Outperformance in February came from the Fund's positions in the Industrial Bank of Korea (Social), Mercury (Green), New South Wales Treasury Corporation (Sustainable), Optus (SLB) and QIC Shopping Centre Fund (Green). Underperformance came from the Fund's positions in Contact Energy (Green), ANZ (Sustainable), Power SA (Green), Mirvac (Green) and the University of Tasmania (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.

