

A Level Playing Field

By Alice Jones, ESG Analyst at Devon Funds

Our discussions with the management teams of portfolio companies during the February reporting season highlighted a couple of areas where the New Zealand government's approach to decarbonisation is possibly doing us a disservice, as shareholders and New Zealanders. We think it's important that our portfolio companies and our country operate on a level playing field versus the rest of the world.

The first example was Fletcher Building, a company currently restructuring under a new management team with the goal of improving their return on capital and, ultimately, shareholder returns. At the same time, they continue to look to invest for growth in better-performing parts of their business.

Golden Bay Cement, a Fletcher Building subsidiary, operates New Zealand's only domestic cement manufacturing plant. The business started its decarbonisation journey in the early 2000's and has reduced the volume of coal it requires by switching to biomass fuel. The biomass is sourced from sawdust, woodchips, laminated veneer lumber (LVL) offcuts, and construction and demolition waste. This has enabled the plant to reduce coal usage by 60%, reducing annual CO2 emissions, and producing cement with a 25% lower Global Warming Potential than international benchmarks. It also diverts significant volumes of waste from landfill. Compared to imported cement, Golden Bay Cement's EcoSure cement is approximately 20% lower in carbon and roughly 27% lower in embodied carbon than the industry benchmark. The plant directly and indirectly employs over 550 people.

Golden Bay Cement has plans to invest \$70-80 million over the coming years in initiatives to continue to decarbonise their product. However...[READ MORE](#)

MARKET INDICES

Index	Region	Monthly Return	1 Yr. Return
S&P/NZX50G	NZ	2.2%	8.9%
S&P/ASX200G	AUSTRALIA	4.1%	16.2%
MSCI World Index	GLOBAL	0.8%	21.8%
S&P500	USA	-0.8%	17.0%
FTSE100	UK	7.0%	28.1%
NIKKEI 225	JP	10.4%	61.5%
NZ 90 Day Bank Bill	NZ	0.2%	3.2%
Bloomberg Global Aggregate Index (NZD)	GLOBAL	1.3%	3.6%

Devon Funds Management Limited

Level 17, HSBC Tower, 188 Quay Street, Auckland 1010
 PO Box 105 609, Auckland 1143
 Telephone: 0800 944 049 (free call) or +649 925 3990
 enquiries@devonfunds.co.nz

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AT A GLANCE

Prices as at 28 February 2026

DEVON ALPHA FUND	\$2.3959
DEVON AUSTRALIAN FUND	\$2.0138
DEVON DIVERSIFIED INCOME FUND	\$1.5183
DEVON DIVIDEND YIELD FUND	\$2.0624
DEVON GLOBAL IMPACT BOND FUND	\$1.3447
DEVON GLOBAL SUSTAINABILITY FUND	\$2.2372
DEVON TRANS-TASMAN FUND	\$5.4157
DEVON SUSTAINABILITY FUND	\$3.2646
ARTESIAN GREEN & SUSTAINABLE BOND FUND	\$1.0099

IN THIS REPORT

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



DEVON ALPHA FUND

FUND OUTLINE

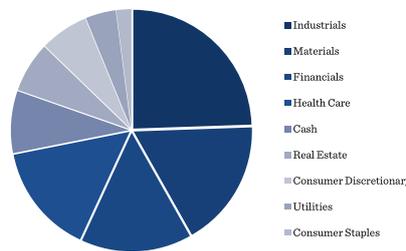
The **Alpha Fund** invests in a concentrated portfolio of approximately 10 to 15 select companies predominantly listed on the NZ and Australian share markets.

The Fund does not follow any index, is actively managed and aims to generate capital growth over the long term. Currency exposure is actively managed.

KEY HOLDINGS



ASSET ALLOCATION



ALLOCATION

New Zealand Equities	54.4%	Cash	8.4%
Australian Equities	37.2%	Total	100.0%
Currency Hedge	100.3%		

PERFORMANCE

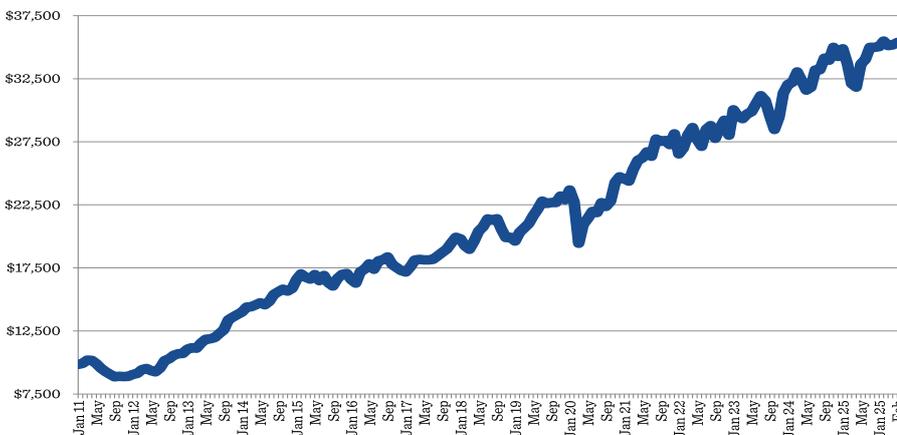
	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	10 Yr p.a
Devon Alpha Fund	-0.1%	0.6%	4.8%	6.2%	7.7%	8.0%
OCR + 5%	0.5%	1.8%	8.1%	9.8%	7.0%	4.2%

*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

The Alpha strategy experienced a mixed range of outcomes from our investment companies during the month. Against the backdrop of the reporting season, we had positive contributions from our exposure to National Australia Bank which rallied 13.0% and Rio Tinto which finished up 10.4%. Offsetting these were Summerset and Mainfreight which fell 7.9% and 4.2% respectively. The net result of these was a month where absolute returns were essentially flat. We remain very confident in the stocks that we own within this portfolio and believe that the combination of quality and value that define them have positioned us well for the volatility currently evident in financial markets. Recent changes to the portfolio have included an increase in our ownership of James Hardie and Goodman Group after their share prices had fallen to attractive levels.

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 TRANS-TASMAN FUND

FUND OUTLINE

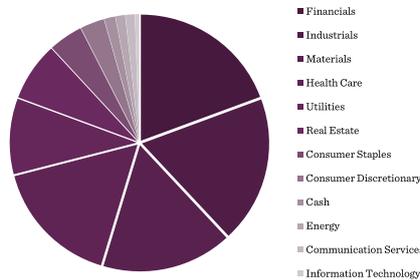
The **Trans-Tasman Fund** provides a broad and actively managed exposure to the New Zealand and Australian equity markets.

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	55.9%	Cash	1.4%
Australian Equities	42.7%	Total	100.0%

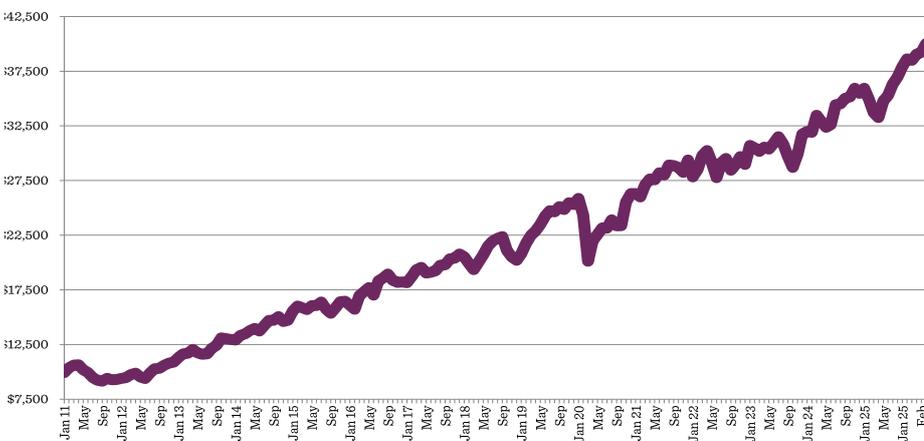
PERFORMANCE

	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	10 Yr p.a
Devon Trans-Tasman Fund	2.1%	4.0%	14.7%	9.5%	9.0%	9.4%
50:50 NZX50 Gross & ASX200 Index Unhedged	4.5%	6.7%	16.6%	10.2%	7.8%	10.0%

*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 Devon Trans-Tasman strategy rose 2.1% this month, underperforming the benchmark. Positive contributors to our performance included a2 Milk (+17.0%), BHP (+15.5%) and National Australia Bank (+13.0%). Key detractors included Light and Wonder (-19.7%) and Summerset (-7.9%).

a2 Milk (ATM) delivered a solid first half result with revenue growth +19% to NZ\$993mn and underlying EBITDA growth +18% to NZ\$155mn with around a third from new products. ATM upgraded FY26 revenue guidance from “low double digit” to “mid-teens” growth, while also upgrading EBITDA margin guidance from 15-16% to 15.5-16.0% and importantly also indicated no issue from competitor customer recalls which in our view suggests the potential for market share gains over FY27. The company also announced it has entered the paediatric supplement market which has an addressable market of NZ\$8bn p.a. (c.40% the size of infant formula), continuing their strong track record of innovation.

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

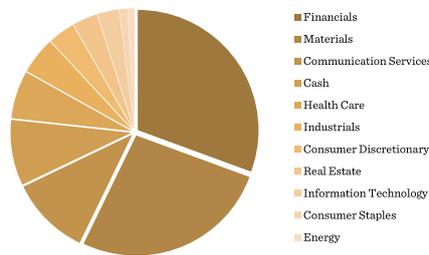
The Australian Fund invests in a select portfolio of companies, which are primarily Australian listed companies.

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

Table with 2 columns: Asset Category and Percentage. Rows include New Zealand Equities (0.0%), Australian Equities (91.2%), Cash (8.8%), and Total (100.0%).

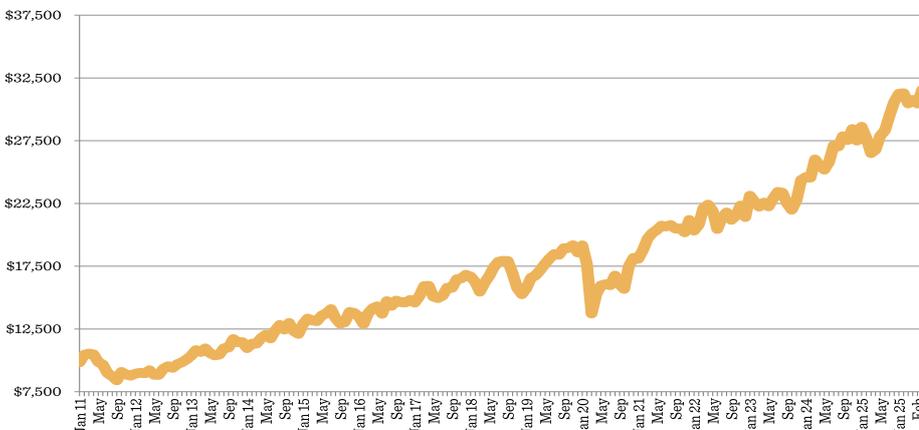
PERFORMANCE

Table with 7 columns: Metric, 1 Mth, 3 Mth, 1 Yr, 3 Yr p.a, 5 Yr p.a, 10 Yr p.a. Rows include Devon Australian Fund and ASX200 Index Gross (NZD).

*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

Key contributors to our performance included our exposure to the major miners, BHP Group (+15.5%) and Rio Tinto (+10.4%). These businesses continue to perform strongly on the back of a solid set of results, supported by strong commodity prices in copper, iron ore, and aluminium, as well as strong production execution. Other key contributors included Superloop (+28.3%), National Australia Bank (+13.0%), and ANZ Group Holdings (+9.1%).

ANZ Group Holdings delivered a solid first-quarter result, driven by net interest margin expansion and good cost control. At the end of last year, ANZ's new CEO Nuno Matos outlined a five-year growth strategy focused on improving the bank's retail banking market share and significantly increasing returns on equity through improved efficiency and cost discipline. This quarterly result showed some early evidence of the bank making progress with its cost-reduction objectives. The market will now turn its focus to management's ability to take market share in retail banking and grow revenue in future quarters.

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.



DEVON DIVIDEND YIELD FUND

FUND OUTLINE

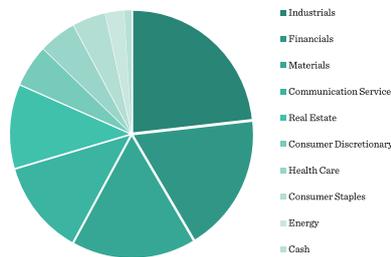
The Devon Dividend Yield Fund invests in a carefully selected portfolio of New Zealand and Australian listed companies.

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

Table with 2 columns: Allocation Category and Percentage. Rows include New Zealand Equities (65.8%), Australian Equities (33.3%), Currency Hedge (97.1%), Cash (0.9%), Total (100.0%), and Yield (5.7%).

Table with 7 columns: PERFORMANCE, 1 Mth, 3 Mth, 1 Yr, 3 Yr p.a, 5 Yr p.a, Since Inception. Rows include Devon Dividend Yield Fund and 50:50 NZX50 & ASX200 Index Gross.

*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 February, the Dividend Yield strategy delivered an absolute return of +0.48%, lagging the Australasian index, which rallied +3.17%. This performance difference was less to do with stocks that we own falling in value, but rather it reflected stocks that we don't own rallying strongly. Commonwealth Bank of Australia is Australia's largest bank, representing a large part of the index, and trading at a valuation which makes it one of the most expensive banks in the world. Following a slightly better than expected earnings result, the share price rallied +18.5%. Over time shares will trade towards their intrinsic value, and we are not inclined to own shares in businesses such as this where we see considerable downside risk. Our focus continues to be on generating a reliable dividend stream for investors, paid through quarterly distributions. Importantly, we maintain a defensive positioning within the fund and a strong emphasis on delivering positive absolute returns over time.

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

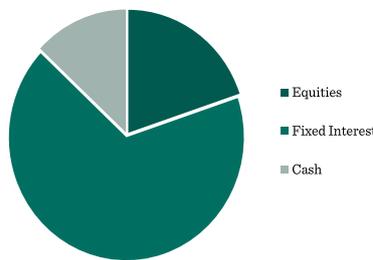
FUND OUTLINE

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	18.0%	Bonds	61.0%
Australian Equities	9.1%	Cash	11.8%

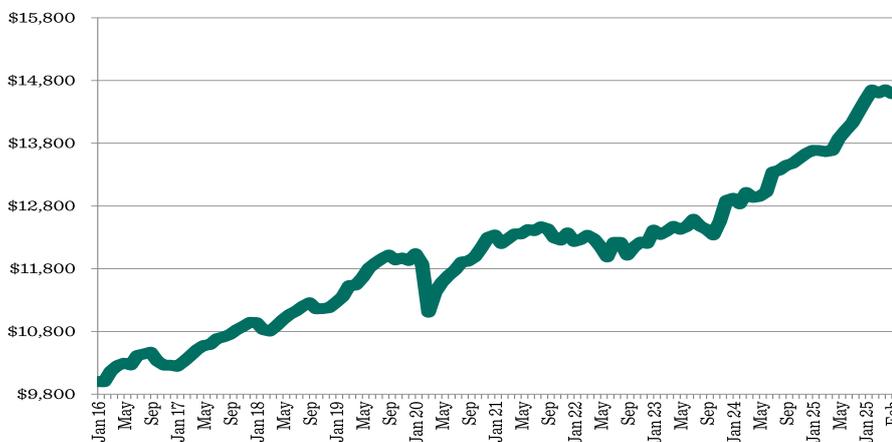
PERFORMANCE

	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	Since Inception
Devon Diversified Income Fund	0.2%	0.1%	6.8%	5.8%	3.7%	3.9%
75% BB Composite 0-5yr Index, 25% 50:50 Composite NZX50 Gross and ASX 200 Index hedged to NZD	1.1%	1.4%	5.5%	6.1%	4.9%	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](#)

Devon Funds Management Limited
Level 17, HSBC Tower, 188 Quay Street, Auckland 1010
PO Box 105 609, Auckland 1143
Telephone: 0800 944 049 (free call) or +649 925 3990
enquiries@devonfunds.co.nz

COMMENTARY

Global bonds rallied during February with the yield on US 10-year Treasuries closing the month at 4.0%. The Federal Reserve met during the month and despite broad consensus from policymakers about the decision to keep rates on hold, there was evidence of division with respect to what the future path would look like. Some participants believe that the Committee should keep the policy rate steady for a period, whilst other members are supportive of additional cuts. The situation with Iran is creating challenges for the Fed, through the rising price of oil and its impact on inflation and growth. In New Zealand the RBNZ held the OCR steady at 2.25%, acknowledging that although the labour market remains weak, economic activity is slowly recovering. The Reserve Bank remains confident that inflation will return to their targeted range of 1%-3% during the year.

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

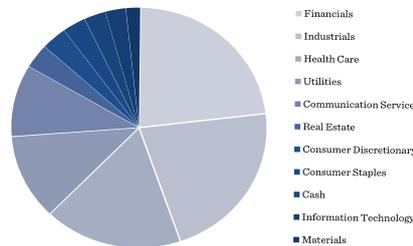
The **Devon Sustainability Fund** invests in a select portfolio of well researched New Zealand and Australian listed companies.

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	61.9%	Cash	2.8%
Australian Equities	35.3%	Total	100.0%

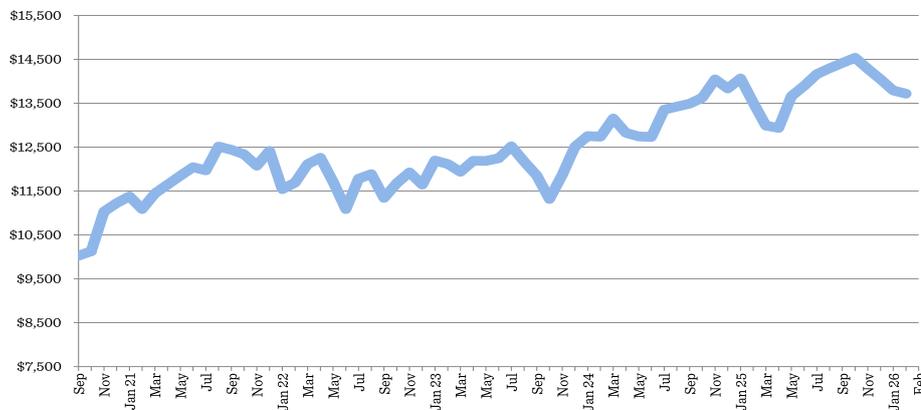
PERFORMANCE

	1 Mth	3 Mth	1 Yr p.a	3 Yr p.a	Since Inception
Devon Sustainability Fund	-0.5%	-4.0%	1.5%	4.2%	5.9%
50:50 NZX50 Portfolio Index & ASX200 Index	2.4%	3.5%	12.3%	8.3%	7.9%

*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

Top contributors for the Sustainability strategy during the month included Superloop (+28.3%), a2 Milk (+17.0%) and National Australia Bank (+13.0%), while key detractors included Ebos Group (-6.8%) and Summerset Group Holdings (-7.9%). The Resources (+8.7%) sector continues to be a headwind to the Fund's relative performance given our inability to own stocks operating in this area.

In February, a large number of companies report their results for the six months to December 2025. This reporting period is increasingly becoming a volatile time for financial markets. This was well illustrated by a2 Milk (ATM), whose shares rallied over 15% in the three days following the release of its results. ATM's management continues to do an excellent job of growing their market share across a range of products through brand equity and product innovation. A good example of this innovation is the announcement of its expansion into the Chinese paediatric supplements category, a market estimated to be worth NZ\$8 billion.

PORTFOLIO MANAGER

Ben Jenkin



Ben has primary responsibility for stock selection and portfolio construction for the Australian and Sustainability Fund. Ben also holds

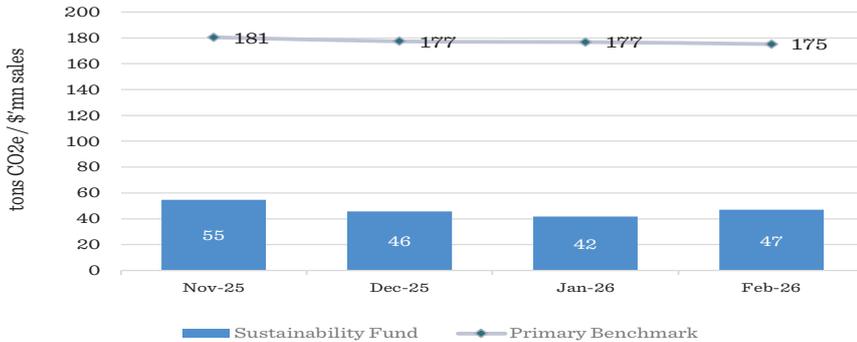
research responsibility for the telco, media and technology sectors, as well as a wide ranging number of industrial companies.



DEVON SUSTAINABILITY FUND

CARBON INTENSITY - PORTFOLIO VS BENCHMARK

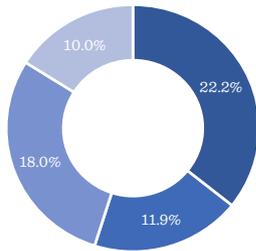
Carbon Intensity - Portfolio vs Benchmark



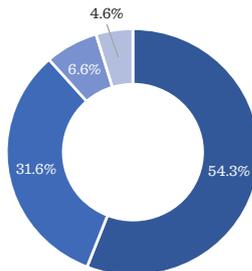
PORTFOLIO CARBON EMISSIONS BY KEY SECTORS

Portfolio Carbon Emissions by Key Sectors

Portfolio value by sector



Portfolio carbon emission by sector



- Industrials
- Utilities
- Healthcare
- Communication Services

The industrials, utilities, health care and materials sectors make up 62.1% of the portfolio by value, but they account for 97.1% of the carbon emissions in the portfolio.

ESG PORTFOLIO SUMMARY

	MSCI ESG Ratings	MSCI ESG Quality score	Portfolio
Portfolio	AA	748	Sustainability Fund
Benchmark	AA	740	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	1.1%	0.4%	0.7%	1.4%	5.1%

*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	86.5%
% of companies committed to Net Zero	73.0%
% of companies committed to Carbon Neutral	8.1%
% of companies with no commitment to either	18.9%

STEWARDSHIP

February has been a busy reporting season for investors in both the New Zealand and Australian markets. In amongst various companies reporting and our meetings with management teams, we took the opportunity to directly reach out to the management teams of EBOS and Summerset regarding specific concerns we held and offering our perspective as shareholders.

We reached out to EBOS ahead of their result to encourage their management and board to fully explore all capital management options.

We similarly shared our thoughts with Summerset ahead of their result with feedback on their communication to the market. In particular, we asked them to consider clear and tangible 2-3 year targets such as cashflow return targets, and better disclosure around Australian sales metrics, corporate overheads, and project level returns.

In both engagements, our feedback was constructively received by management, and we look forward to further discussion around each of the topics we raised.

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 GLOBAL IMPACT BOND FUND

DURATION

Contribution to Duration (Years)			
Sector	Account	Benchmark	Difference
Cash & Cash Equivalents	-0.00	-	-0.00
US Government	0.87	1.11	-0.25
Credit*	4.75	4.49	0.26
Asset Backed Securities	0.03	0.01	0.03
Mortgage Backed	0.52	0.52	0.00
Commercial Mortgage	0.02	0.02	-0.00
Other	0.02	0.09	-0.07
Cash Offset	-	-	-
	6.21	6.24	-0.03

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	3.01	0.42	2.59
AAA	32.61	12.11	20.50
AA	23.59	39.20	-15.61
A	14.06	33.99	-19.93
BBB	17.75	14.03	3.72
BB	4.87	0.00	4.87
B	3.58	-	3.58
Below B	0.28	0.00	0.28
Cash Offset	-1.13	-	-1.13
Not Rated	1.38	0.25	1.13
	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 28 February 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 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	Since Inception				
	1 Mth	3 Mth	1 Yr	3 Yr p.a	Since Inception
Devon Global Impact Bond Fund	1.2%	1.2%	4.0%	5.1%	2.0%
Bloomberg Global Aggregate Index Hedged NZD	1.31%	1.1%	3.6%	4.8%	1.9%

PERFORMANCE	Since Inception				
	1 Mth	3 Mth	1 Yr	3 Yr p.a	Since Inception
Devon Global Sustainability Fund	1.1%	3.1%	6.3%	13.8%	10.7%
MSCI All Country World Index in NZD, 50% hedged to NZD	1.8%	2.6%	18.3%	21.1%	14.3%

KEY HOLDINGS*



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

*Key Holdings as at 28 February 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.

Devon Funds Management Limited

Level 17, HSBC Tower, 188 Quay Street, Auckland 1010
PO Box 105 609, Auckland 1143
Telephone: 0800 944 049 (free call) or +649 925 3990
enquiries@devonfunds.co.nz

**DEVON
FUNDS.**

www.devonfunds.co.nz



ARTESIAN GREEN AND SUSTAINABLE BOND FUND (NZD)

FUND OUTLINE

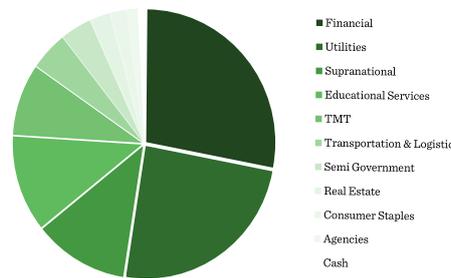
The Artesian Green and Sustainable Bond Fund (NZD) offers New Zealand-based investors a Portfolio Investment Entity (PIE) vehicle through which to invest in the Artesian Green and Sustainable Bond Fund (AUD).

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

Table with 2 columns: Allocation Item and Percentage. Rows include Artesian Green & Sustainable Bond Fund (NZD) at 99.6%, Currency Hedge (100% to NZD) at 99.5%, and Cash at 0.4%.

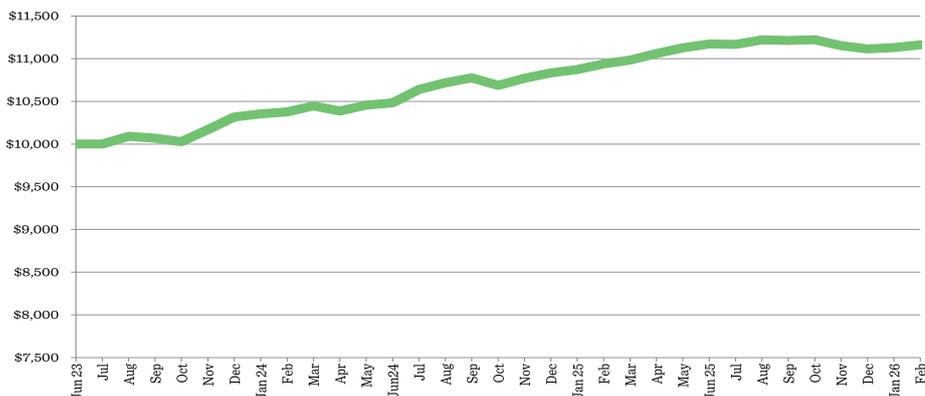
PERFORMANCE

Table with 6 columns: Performance Item, 1 Mth, 3 Mth, 1 Yr, 2 Yr, Since Inception. Rows include Artesian Green & Sustainable Bond Fund (NZD)*, Artesian Green & Sustainable Bond Fund PIR Return (NZD)**, 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. **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.

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 February was driven by the overweight credit duration positioning (credit spreads were higher/wider). The Fund's credit positioning was somewhat offset by the positive contribution of the Fund's overweight interest rate duration positioning versus benchmark (interest rates were lower/tighter).

The Fund's running yield of 4.97% versus the benchmark's 4.39% also contributed to the monthly performance. Outperformance in February came from the Fund's positions in Export-Import Bank of Korea (Green), La Trobe University (Green), African Development Bank (Green & Social), Optus Finance (Sustainability-Linked) and the South Australian Government Financing Authority (Sustainable). Underperformance came from the Fund's positions in BPCE SA (Social), MTR Corporation (Green), ESTA Utilities Finance (Green), Victoria Power Networks (Green) and ANZ (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.

