

Why AI Might Not Take Our Jobs

Ben Jenkin, Portfolio Manager

Over the past year, the rapid ascent of generative AI has driven significant investor anxiety about the potential impacts the technology may have on businesses. As large language models demonstrate growing proficiency in research, coding, law, and creative writing, it is natural to anticipate widespread job disruption. In New Zealand we have seen this anxiety manifest in local software company share prices, which have sold off significantly this year on AI-related fears, including Gentrack (-21%), Vista Group (-35%), and Serko (-46%). These large share price declines have occurred despite AI having no observable impact on their businesses, yet.

Devon's portfolios have very limited exposure to these companies, but the broader conversation is relevant to nearly everything we invest in, and it's something we're thinking about very carefully. In our view, while AI will undoubtedly transform the nature of work, the degree of permanent workforce displacement remains less certain. We believe instead that we are witnessing a shift from AI as a tool to AI as a collaborator.

The difficulty in imagining this future, instead of the bleaker scenario, stems partly from the "End of History Illusion" - the tendency to believe that innovation has largely plateaued and that future needs will resemble today's. It's far easier to imagine an algorithm performing an existing job than to envision entirely new ones.

Consider the arrival of the electronic spreadsheet. The short-term fear mirrored today's AI narrative: "We won't need accountants anymore because software does the math instantly"...[READ MORE](#)

MARKET INDICES

Index	Region	Monthly Return	1 Yr. Return
S&P/NZX50G	NZ	-5.9%	5.2%
S&P/ASX200G	AUSTRALIA	-7.1%	11.7%
MSCI World Index	GLOBAL	-8.4%	16.7%
S&P500	USA	-7.7%	14.5%
FTSE100	UK	-6.2%	22.6%
NIKKEI 225	JP	-12.6%	45.9%
NZ 90 Day Bank Bill	NZ	0.2%	3.1%
Bloomberg Global Aggregate Index (NZD)	GLOBAL	-2.1%	1.8%

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AT A GLANCE

Prices as at 31 March 2026

DEVON ALPHA FUND	\$2.1793
DEVON AUSTRALIAN FUND	\$1.8696
DEVON DIVERSIFIED INCOME FUND	\$1.4945
DEVON DIVIDEND YIELD FUND	\$1.9433
DEVON GLOBAL IMPACT BOND FUND	\$1.3152
DEVON GLOBAL SUSTAINABILITY FUND	\$2.1096
DEVON TRANS-TASMAN FUND	\$4.9898
DEVON SUSTAINABILITY FUND	\$3.0578
ARTESIAN GREEN & SUSTAINABLE BOND FUND	\$0.9989

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DEVON ALPHA FUND

FUND OUTLINE

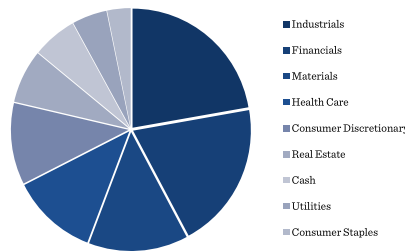
The **Alpha Fund** invests in a concentrated portfolio of approximately 10 to 15 select companies predominantly listed on the NZ and Australian share markets.

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	51.8%	Cash	6.1%
Australian Equities	42.1%	Total	100.0%
Currency Hedge	98.9%		

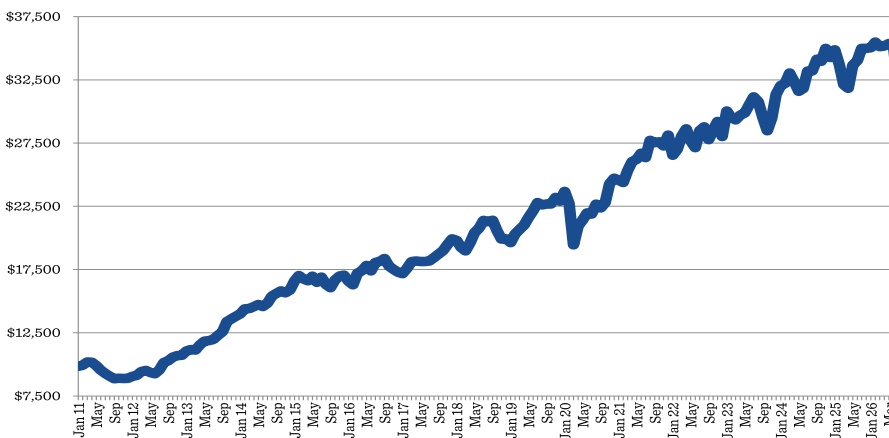
PERFORMANCE

	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	10 Yr p.a
Devon Alpha Fund	-9.0%	-8.7%	0.1%	3.1%	4.9%	6.4%
OCR + 5%	0.6%	1.8%	8.0%	9.7%	7.1%	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 faced performance headwinds during March as several of our key investments faced selling pressure. These were largely due to the implications of the situation in Iran, with interest rates rising and economic growth being challenged. Despite this short-term volatility we remain confident in the medium-term prospects for businesses, such as James Hardie, Goodman Group and Macquarie Bank. We caught up with the management teams of all three of these companies in late February, and these meetings confirmed our confidence in their respective operating momentum and fundamental value. As a consequence of these engagements, and the subsequent research that occurred during March, we increased the size of our investments in these stocks. This conviction has been rewarded with these shares receiving investor support in early April. We currently have a relatively low level of cash in this strategy and expect market conditions to improve during the June quarter.

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

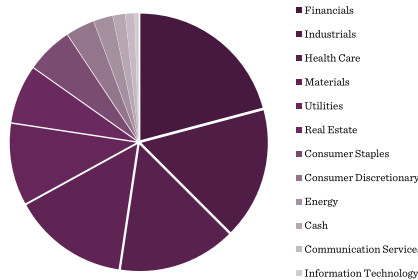
The **Trans-Tasman Fund** provides a broad and actively managed exposure to the New Zealand and Australian equity markets.

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	53.3%	Cash	1.5%
Australian Equities	45.2%	Total	100.0%

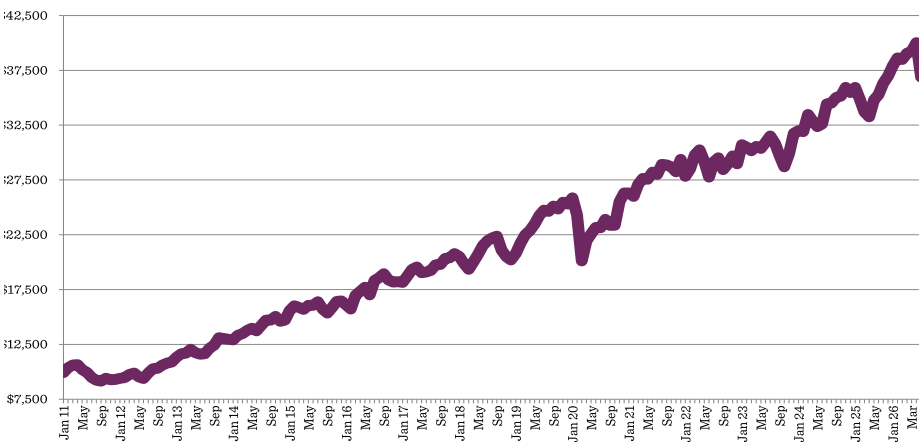
PERFORMANCE

	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	10 Yr p.a
Devon Trans-Tasman Fund	-7.9%	-5.6%	9.5%	6.9%	6.3%	7.7%
50:50 NZX50 Gross & ASX200 Index Unhedged	-6.0%	-1.4%	13.5%	8.3%	5.7%	8.5%

*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

Despite the Trans-Tasman Fund performing behind its benchmark over the month, we enjoyed positive contributions from our investments in Coles (+6.8%) and Infratil (+3.8%). The gainers were more than offset by several key holdings that were impacted by recent geopolitical events. Key detractors included James Hardie (-23.7%), Summerset (-16.7%) and Freightways (-16.4%). We continue to see good value supporting these names post their recent corrections.

Infratil performed strongly following a positive Investor Day in Australia. Their CDC portfolio remains at 2.7GW with around 600MW operational. This will increase to 1GW when Eastern Creek 4/5 opens, and CDC continues to assess land acquisitions to extend their pipeline further. Encouragingly the Group upgraded FY27 guidance to A\$680-720m (from around \$660m) and there looks to be further upside for FY28 pending a new contract announcement. We also see Goodman Group, which declined over the month, as a key beneficiary of the demand for data centre capacity with growth in power constrained markets of Japan, Germany, Netherlands, and France.

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

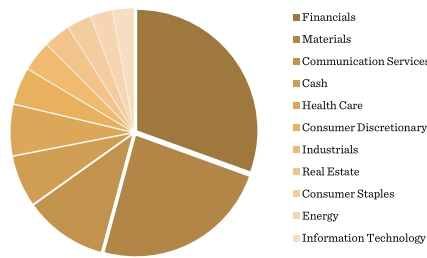
The **Australian Fund** invests in a select portfolio of companies, which are primarily Australian listed companies.

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	6.8%
Australian Equities	93.2%	Total	100.0%

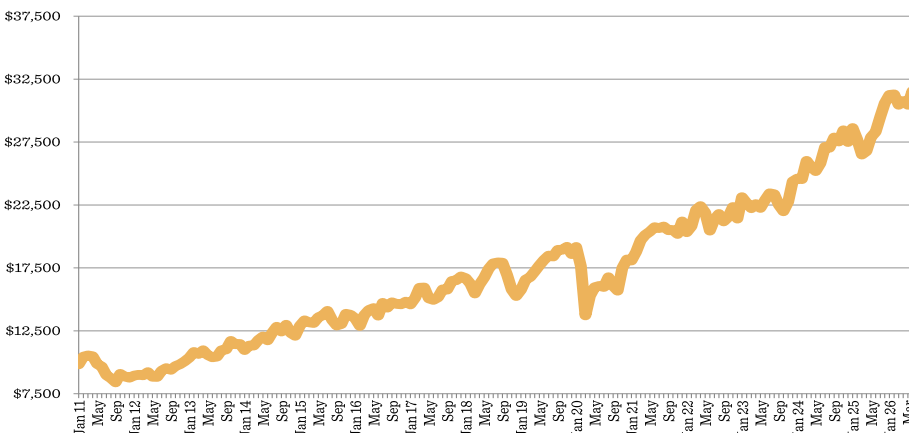
PERFORMANCE

	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	10 Yr p.a
Devon Australian Fund	-7.2%	-4.7%	10.6%	9.6%	8.3%	7.9%
ASX200 Index Gross (NZD)	-6.1%	1.9%	21.9%	13.8%	10.8%	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

The Australian Fund fell 7.2% in March as the US-Iran conflict in the Middle East drove an energy shock, with Brent crude oil rising above US\$100 per barrel. Our energy and defensive positions performed well over the month, with Santos (+17.8%), Superloop (+10.2%) and Infratil (+2.6%) contributing positively. Detractors from performance included National Australia Bank (-15.5%), Orica (-17.9%) and Capstone Copper Corporation (-29.8%).

Superloop continues to perform strongly in the portfolio, supported by its defensive characteristics as a challenger telecommunications company and management's consistent execution. In February, when the company announced its half-year result, management also outlined a further expansion into its Smart Communities division. This division builds fibre infrastructure in new housing developments and generates annuity-style revenue by wholesaling that fibre through its own retail brands or other retail service providers. Additionally, the company's retail brands are priced more competitively than incumbent telcos, reflecting their lower cost base and operational flexibility.

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

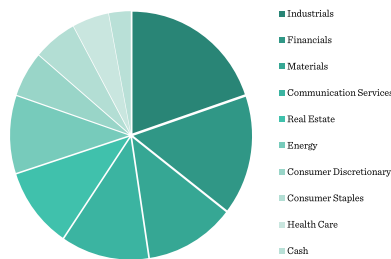
The **Devon Dividend Yield Fund** invests in a carefully selected portfolio of New Zealand and Australian listed companies.

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

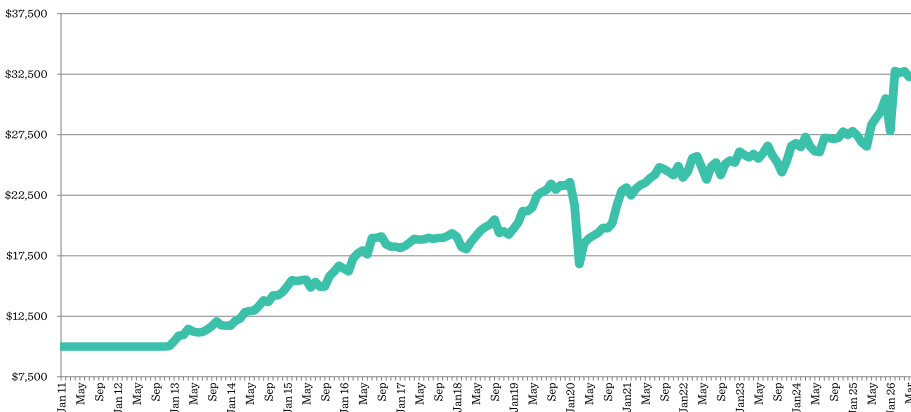
New Zealand Equities	62.0%	Cash	2.5%
Australian Equities	35.5%	Total	100.0%
Currency Hedge	94.8%	Yield	5.8%

PERFORMANCE	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	Since Inception
Devon Dividend Yield Fund	-5.8%	-6.7%	13.8%	6.1%	5.8%	8.9%
50:50 NZX50 & ASX200 Index Gross	-6.5%	-3.2%	8.5%	6.2%	4.6%	9.5%

[†]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 March, the Dividend Yield strategy fell by 5.77%, a smaller decline than its underlying benchmark, which returned 6.53%. While negative absolute returns are never desirable, it was pleasing to see the defensive qualities of the portfolio come through. Diesel is the lifeblood of our economy, and the prospect of prices reaching \$4 per litre at the pump has pushed out our expectations of a cyclical recovery. Encouragingly, there continue to be local companies that can generate solid returns for investors through turbulent times. Turners is a good example of a Kiwi business with cyclical exposure that can nevertheless grow through the economic cycle. As the lowest cost supplier of used cars to the New Zealand market, Turners benefits from an important competitive advantage, supported by a well thought through branch rollout plan. During March, the company held an investor day, where it released five-year profit targets that are nearly double last year's earnings.

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

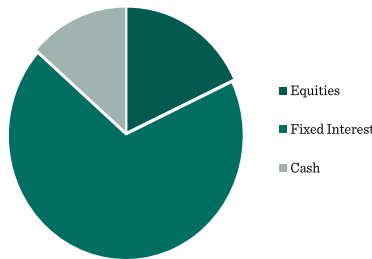
FUND OUTLINE

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	16.3%	Bonds	62.0%
Australian Equities	9.4%	Cash	12.3%

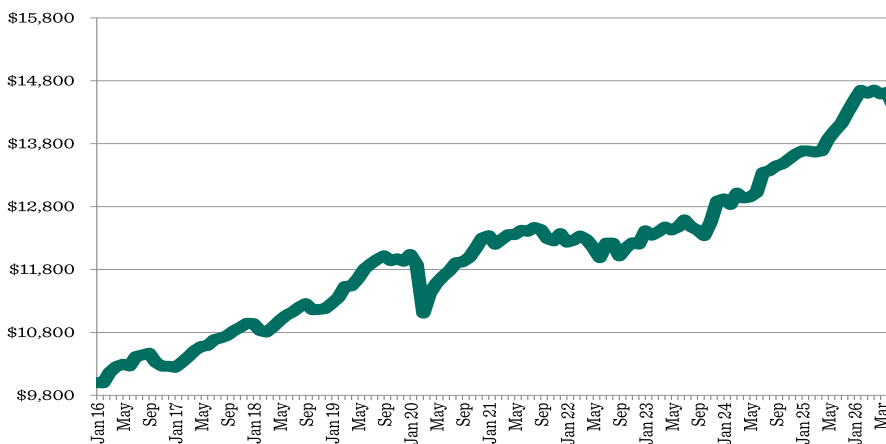
PERFORMANCE

	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	Since Inception
Devon Diversified Income Fund	-1.6%	-1.8%	5.3%	5.1%	3.2%	3.7%
75% BB Composite 0-5yr Index, 25% 50:50 Composite NZX50 Gross and ASX 200 Index hedged to NZD	-2.1%	-0.8%	3.7%	5.2%	4.5%	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 rates rallied strongly during the month with the yield on US 10-year Treasuries increasing from 4.0% in late February, to close the quarter at 4.3%. Market conditions were dominated by the military action in Iran, with the first effects being felt in the price of oil. As the month progressed, concerns grew around inflation and this was ultimately reflected in interest rates moving higher and growth forecasts being revised down. The US Federal Reserve held their overnight benchmark interest rate steady and officials are now only forecasting one further 0.25% cut to rates in 2026. In New Zealand the RBNZ did not meet on the OCR during March, but as widely expected, Governor Anna Bremman kept rates on hold when they met in early April. The challenge for all central banks in the current environment is balancing an increasingly uncertain growth outlook with building inflation pressures.

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

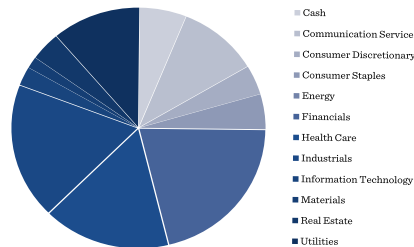
The **Devon Sustainability Fund** invests in a select portfolio of well researched New Zealand and Australian listed companies.

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	58.2%	Cash	6.0%
Australian Equities	35.8%	Total	100.0%

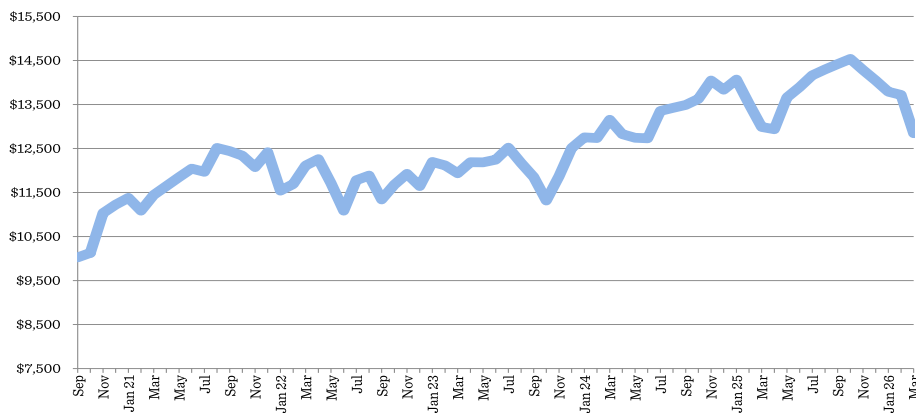
PERFORMANCE

	1 Mth	3 Mth	1 Yr p.a	3 Yr p.a	Since Inception
Devon Sustainability Fund	-6.3%	-8.5%	-1.1%	2.5%	4.6%
50:50 NZX50 Portfolio Index & ASX200 Index	-6.5%	-4.2%	8.3%	6.0%	6.5%

*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

Given the situation developing in the Middle East, we reduced our exposure to several cyclical and travel-exposed companies, including Auckland Airport, Freightways Group and Turners Automotive Group. We also reduced our exposure to the Australian banks following a period of strong performance and due to emerging concerns around the commercial credit cycle in Australia.

Stocks that performed well over the month included Superloop (+10.2%), Turners Automotive Group (+5.0%) and Infratil (+3.8%), while key detractors included Freightways Group (-16.4%), Summerset Group Holdings (-16.7%) and Vulcan Steel (-19.2%).

Turners Automotive Group performed strongly after hosting its first investor day in approximately five years, where it outlined its strategy for the next five years. The company presented a compelling case for continued consolidation within its markets and the increased role it expects to play. It also demonstrates strong shareholder alignment, with over 60% of employees holding equity in the company - a metric we pay close attention to.

PORTFOLIO MANAGER

Ben Jenkin



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

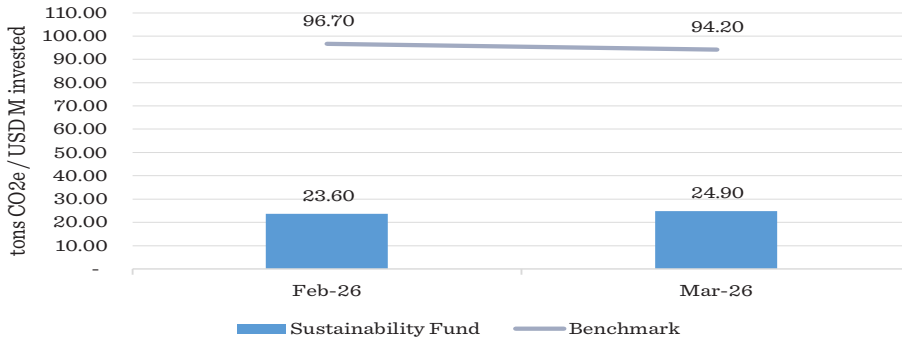
research responsibility for the telco, media and technology sectors, as well as a wide ranging number of industrial companies.



DEVON SUSTAINABILITY FUND

CARBON INTENSITY - PORTFOLIO VS BENCHMARK

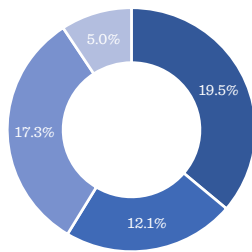
Financed Carbon Emissions - Portfolio vs Benchmark



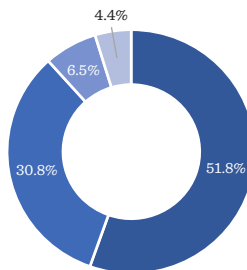
PORTFOLIO CARBON EMISSIONS BY KEY SECTORS

Portfolio Carbon Emissions by Key Sectors

Portfolio value by sector



Portfolio carbon emission by sector



■ Industrials ■ Utilities ■ Healthcare ■ Consumer Staples ■ Industrials ■ Utilities ■ Healthcare ■ Consumer Staples

The Industrials, Utilities, Health Care and Consumer Staples sectors make up 53.9% of the portfolio by value, but they account for 93.5% of the carbon emissions in the portfolio.

ESG PORTFOLIO SUMMARY

	MSCI ESG Ratings	MSCI ESG Quality score	Portfolio
Portfolio	AA	7.54	Sustainability Fund
Benchmark	AA	7.54	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	0.0%	0.4%	0.3%	1.2%	5.0%

*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	87.5%
% of companies committed to Net Zero	70.0%
% of companies committed to Carbon Neutral	10.0%
% of companies with no commitment to either	20.0%

STEWARDSHIP

During March, as part of our regular monitoring, the Devon investment team had various engagements with companies held across our funds. One of these meetings was with the Chair of NZX regarding the progress they are making finding a replacement for the current CEO. The current CEO's tenure finishes at the end of April, and we were conscious that this was fast approaching and no announcement had been made. The Chair shared with us that the process had been complicated as the ASX is also currently looking for a CEO, so candidates may be involved in both hiring processes. We will continue to monitor the outcome of the CEO transition given the importance of appointing a quality candidate for the position.

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	0.93	1.09	-0.17
Credit*	4.68	4.33	0.34
Asset Backed Securities	0.03	0.01	0.03
Mortgage Backed	0.85	0.61	0.24
Commercial Mortgage	0.02	0.02	-0.00
Other	0.02	0.09	-0.07
Cash Offset	-	-	-
	6.52	6.15	0.37

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	-3.70	0.37	-4.07
AAA	32.74	11.86	20.88
AA	30.42	40.05	-9.62
A	14.16	33.73	-19.57
BBB	17.36	13.72	3.64
BB	3.77	0.03	3.75
B	6.68	-	6.68
Below B	0.28	-	0.28
Cash Offset	-3.14	-	-3.14
Not Rated	1.41	0.24	1.17
	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 March 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	1 Mth	3 Mth	1 Yr	3 Yr p.a	Since Inception
Devon Global Impact Bond Fund	-2.2%	-0.8%	2.2%	3.7%	1.4%
Bloomberg Global Aggregate Index Hedged NZD	-2.1%	-0.6%	2.0%	3.3%	1.4%

PERFORMANCE	1 Mth	3 Mth	1 Yr	3 Yr p.a	Since Inception
Devon Global Sustainability Fund	-5.7%	-4.2%	6.0%	10.9%	8.9%
MSCI All Country World Index in NZD, 50% hedged to NZD	-4.7%	-3.0%	18.3%	18.3%	12.6%

KEY HOLDINGS*



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

*Key Holdings as at 31 March 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

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www.devonfunds.co.nz



ARTESIAN GREEN AND SUSTAINABLE BOND FUND (NZD)

FUND OUTLINE

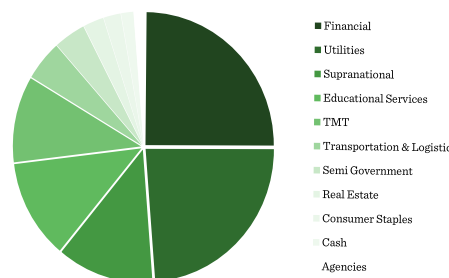
The **Artesian Green and Sustainable Bond Fund (NZD)** offers New Zealand-based investors a Portfolio Investment Entity (PIE) vehicle through which to invest in the Artesian Green and Sustainable Bond Fund (AUD).

Through this structure, the Fund will invest in a diversified portfolio of liquid, predominately investment grade fixed and floating rate green and sustainable 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)	99.7%	Cash	0.3%
Currency Hedge (100% to NZD)	100.6%	Total	100.0%

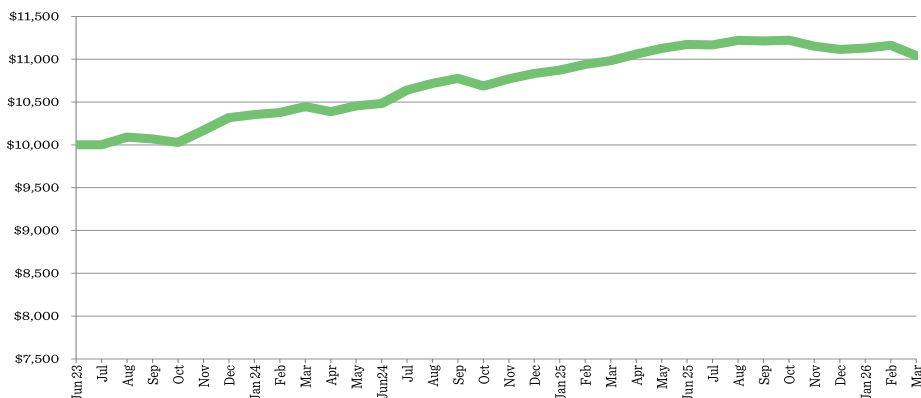
PERFORMANCE

	1 Mth	3 Mth	1 Yr	2 Yr	Since Inception
Artesian Green & Sustainable Bond Fund (NZD)*	-1.09%	-0.66%	0.51%	2.80%	3.91%
Artesian Green & Sustainable Bond Fund PIR Return (NZD)**	-1.09%	-0.53%	1.12%	3.36%	4.36%
Bloomberg AusBond Composite 0-5 Yr Index 100% Hedged to NZD	-0.81%	-0.44%	0.94%	2.80%	3.90%

*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 March was driven by the overweight credit duration positioning (credit spreads were higher/wider) and overweight interest rate duration positioning (interest rates were higher/wider). The Fund's running yield of 5.42% versus the benchmark's 4.97% had a positive contribution to this month's return.

Outperformance in March came from the Fund's positions in Export-Import Bank of Korea (Green), Woolworths (Sustainability-Linked), Housing Australia (Social), Australian Catholic University (Sustainable) and International Development Association (Sustainable). Underperformance came from the Fund's positions in Victoria Power Networks (Green), BPCE SA (Social), ANZ (Sustainable), Transpower (Green) and Contact Energy (Green).

PORTFOLIO MANAGER

David Gallagher

David joined Artesian in June 2013. Prior to joining Artesian, David spent nine years in the United Kingdom working for Deutsche Bank and RBS. David has extensive risk and portfolio management trading experience.

In David's previous role with RBS, David managed a credit portfolio with outright risk ranging between £1-2.5 billion.

