DEVON FUNDS.

Quarterly Sustainability Report

Contents

Interest Piece: First Quarter Wrap Up

After what has been a turbulent first quarter of the year, we take a moment to step back and evaluate what President Trump's actions in the US mean for ESG and Sustainability in our corner of the world.

Since coming to power, the Trump administration has signed various executive orders to scale back US involvement in climate change initiatives and diversity, equity, and inclusion (DEI) initiatives. This pushback, along with the fear of litigation, has led many corporations to abandon their own DEI measures. In the first quarter, we also had our first set of market reports, which perhaps gave an early indication of whether any companies were responding to the US political environment.

During the reporting season in Australia, there were signs of companies pulling back on clean energy investment. Although this perhaps doesn't relate directly to the US, it is more reflective of the increasingly challenging nature of the clean energy transition. Australia must replace its coal-fired power stations with renewables, while ensuring grid stability (baseload), and investing in modernising the grid. This is no small feat, alongside community opposition, slow project approvals, and high costs.

Worley (WOR.ASX) was a company that reported during the quarter and with whom we met in our offices. They noted momentum in their pipeline for sustainability-related projects (which includes gas as a transition fuel), and there are early signs of a shift towards more traditional opportunities. When we discussed this with the CFO, he said they have seen project timelines move forward, into 2026 and 2027. This could be considered a leading indicator of what is to come in the US under Trump's administration.

In both New Zealand and Australia, we have not seen the same scaling back of diversity, equity, and inclusion targets that has taken place in the US. Companies with US operations, headquarters, or contracts seem to be the most at risk of potentially winding back diversity targets due to the fear of litigation. A majority of ASX100 (95%) and ASX200 companies (87%) have set a gender diversity target of some level, with 40/40/20 gender diversity targets becoming more common (source: Macquarie research). The 40/40/20 approach aims for a workplace composition of 40% women, 40% men, and 20% of any gender.

Notably, BHP (BHP.ASX) has just reached its 40/40/20 milestone. Chief Executive, Mike Henry, said that hiring more women has made BHP "safer and better" and given them a "distinctive competitive advantage." The company implemented hiring initiatives and looked at what they could do to make working at BHP (particularly at mine sites) safer and more appealing to women. Whilst targeting a social imperative, this is also a financially sensible move for the company as it (in essence) doubles their hiring pool in what is traditionally a male-dominated industry.

Politically, there is also an upcoming Australian election that may alter the extent to which ESG issues are brought to the fore in our region. To date, the Labor government has set more ambitious climate targets. The Liberal party is more conservative in this respect and has signalled more support for fossil fuels, a nuclear energy plan, the use of more gas, and keeping more domestic gas in the market. They have also discussed softening the Safeguard Mechanism, which has just had its first full year, and the now-legislated climate statements may face changes. At the time of writing, it is unclear who will win or whether any policy stances will be backtracked on.

This all makes for an interesting start to 2025.

- Alice Jones, ESG Analyst

Devon Sustainability Fund

Carbon Metrics as of 31.03.25

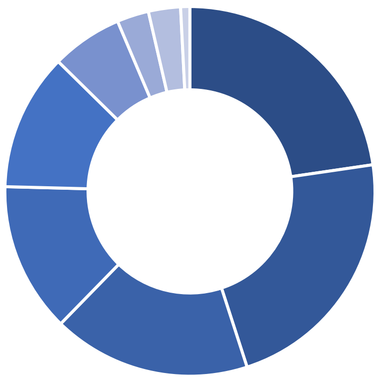
Overall Portfolio CO_2 Emissions and Intensity as of 31 March 2025

Carbon Footprint	Carbon Emissions	Total Carbon Emissions	Carbon Intensity	Weighted Average Carbon Intensity	Data Availability (Carbon Intensity)
Portfolio	30	804	67	65	100
Benchmark	92	44,353,331	162	113	100
	T CO_2e/$M Invested	T CO_2e		T CO_2e/$M Sales	% Market Value

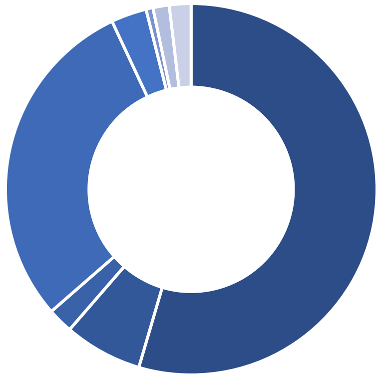
Sectors	Market value	Contribution to portfolio emissions
Industrials	22.7%	54.5%
Healthcare	22.3%	6.8%
Financials	17.3%	2.2%
Utilities	13.1%	29.4%
Communication Services	12.0%	3.1%
Real Estate	6.2%	0.6%
Information Technology	2.8%	0.0%
Consumer Staples	2.8%	1.4%
Materials	0.8%	1.9%

Source: MSCI | Benchmark: 50:50 composite of the S&P/NZX50 Portfolio Index and the S&P/ASX200G index hedged to NZD

Portfolio value by sector



Portfolio carbon emission by sector



TAHITO Te Tai o Rehua Fund

Carbon Metrics as of 31.03.25

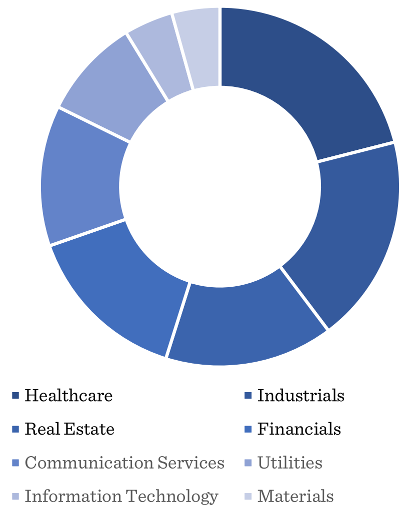
Overall Portfolio CO_2 Emissions and Intensity as of 31 March 2025

Carbon Footprint	Carbon Emissions	Total Carbon Emissions	Carbon Intensity	Weighted Average Carbon Intensity	Data Availability (Carbon Intensity)
Portfolio	8	110	15	16	97
Benchmark	92	44,353,331	162	113	100
	T CO_2e/$M Invested	T CO_2e		T CO_2e/$M Sales	% Market Value

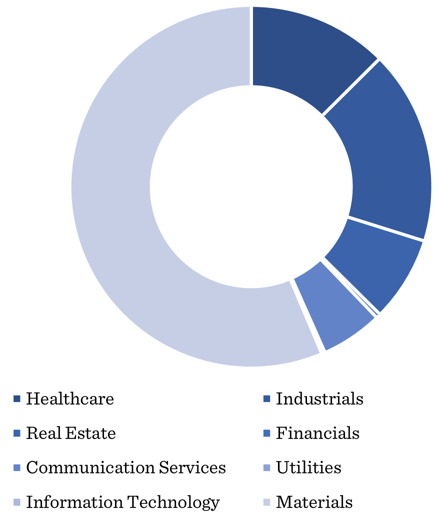
Sectors	Market value	Contribution to portfolio emissions
Healthcare	21.0%	12.5%
Industrials	18.7%	17.3%
Real Estate	15.1%	7.6%
Financials	14.8%	0.4%
Communication Services	12.6%	5.5%
Utilities	9.0%	0.3%
Information Technology	4.4%	0.0%
Materials	4.3%	56.3%

Source: MSCI | Benchmark: 50% NZX 50 Portfolio index (including imputation credits) / 50% ASX Accumulation 200 index (in NZD).

Portfolio value by sector



Portfolio carbon emission by sector



Devon Global Sustainability Fund

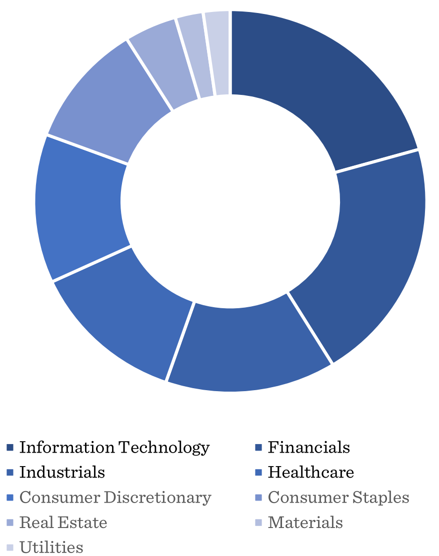
Carbon Metrics as of 31.12.24*

Overall Portfolio CO_2 Emissions and Intensity as of 31 December 2024					
Carbon Footprint	Carbon Emissions	Total Carbon Emissions	Carbon Intensity	Weighted Average Carbon Intensity	Data Availability (Carbon Intensity)
Portfolio	11	30,406	50	60	100
Benchmark	42	112,013	133	114	100
	T CO_2e/$M Invested	T CO_2e		T CO_2e/$M Sales	% Market Value

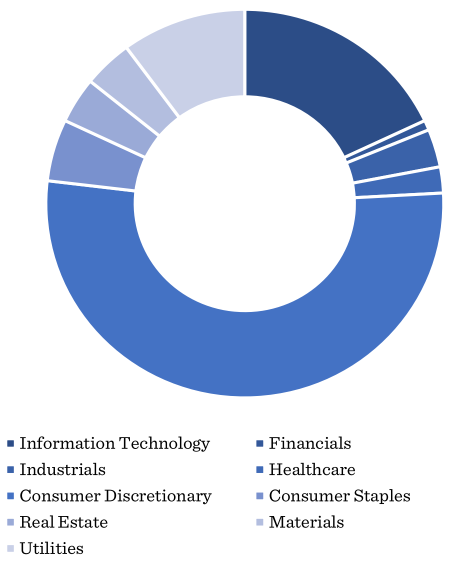
Sectors	Market value	Contribution to portfolio emissions
Information Technology	20.5%	10.8%
Financials	20.5%	0.5%
Industrials	14.0%	1.9%
Healthcare	12.7%	1.3%
Consumer Discretionary	12.5%	31.7%
Consumer Staples	10.4%	3.1%
Real Estate	4.3%	2.3%
Materials	2.3%	2.4%
Utilities	2.2%	6.1%

***Metrics are as of the previous reporting period due to availability of information from the underlying fund manager Wellington Management Group**

Portfolio value by sector



Portfolio carbon emission by sector



Source: MSCI | Benchmark: MSCI All Country World | Carbon Emissions: Emissions financed per $1 million invested in the mandate. This metric is calculated by summing the result of '% Enterprise value incl cash financed X Emissions' for each holding, and then dividing by the portfolio's total market value. | Total Carbon Emissions: Total emissions financed by the portfolio. This metric accounts for mandate size by summing the result of '% Enterprise value incl cash financed X Emissions' for each holding. | Carbon Intensity: Metric normalizes company's total emissions by output. This metric is calculated as total emissions financed by the portfolio (equivalent to Total Carbon Emissions metric) divided by total revenue financed by the portfolio (% Enterprise value incl cash owned X Revenue) for each holding. | Weighted Average Carbon Intensity (WACI): Proxy for carbon efficiency of portfolio construction when compared to benchmark. This metric is calculated as a weighted average of each holding's carbon intensity, using % market value in the portfolio. Each holding's carbon intensity normalizes its total emissions by output and is calculated as the company's total emissions divided by its revenue. | Data availability may be lower than Data Availability – Carbon Intensity for the two calculations of financed emissions (Carbon Emissions and Total Carbon Emissions). This is because the financed emissions metrics require availability of both carbon emissions and Enterprise Value including Cash for each holding.

Devon Global Impact Bond Fund

Carbon Metrics as of 31.12.24*

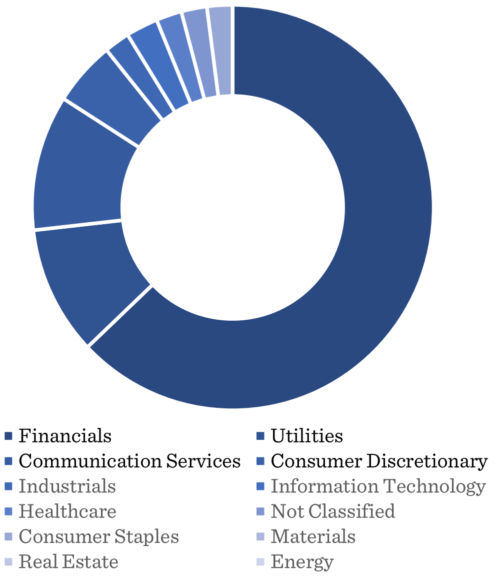
Overall Portfolio CO_2 Emissions and Intensity as of 31 December 2024

Carbon Footprint	Carbon Emissions	Total Carbon Emissions	Carbon Intensity	Weighted Average Carbon Intensity	Data Availability (Carbon Intensity)
Portfolio	41	3,982	23	76	80
Benchmark	189	12,819	73	184	97
	T CO_2e/$M Invested	T CO_2e		T CO_2e/$M Sales	% Market Value

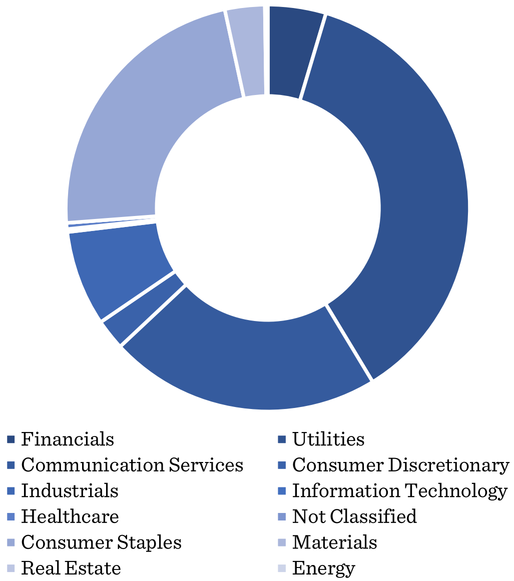
Sectors	Market value	Contribution to portfolio emissions
Financials	12.2%	1.9%
Utilities	2.0%	15.0%
Communication Services	2.1%	8.9%
Consumer Discretionary	1.0%	1.0%
Industrials	0.4%	3.1%
Information Technology	0.5%	0.1%
Healthcare	0.4%	0.2%
Not Classified	0.4%	0.0%
Consumer Staples	0.4%	9.3%
Materials	0.0%	1.3%
Real Estate	0.0%	0.1%
Energy	0.0%	0.0%

*Metrics are as of the previous reporting period due to availability of information from the underlying fund manager Wellington Management Group

Portfolio value by sector



Portfolio carbon emission by sector



Source: MSCI | Benchmark: Bloomberg Global Agg Hdg USD | Carbon Emissions: Emissions financed per $1 million invested in the mandate. This metric is calculated by summing the result of '% Enterprise value incl cash financed X Emissions' for each holding, and then dividing by the portfolio's total market value. Total Carbon Emissions: Total emissions financed by the portfolio. This metric accounts for mandate size by summing the result of '% Enterprise value incl cash financed X Emissions' for each holding. Carbon Intensity: Metric normalizes company's total emissions by output. This metric is calculated as total emissions financed by the portfolio (equivalent to Total Carbon Emissions metric) divided by total revenue financed by the portfolio (% Enterprise value incl cash owned X Revenue) for each holding. Weighted Average Carbon Intensity: Proxy for carbon efficiency of portfolio construction when compared to benchmark. This metric is calculated as a weighted average of each holding's carbon intensity, using % Market value in the portfolio. Each holding's carbon intensity normalizes its total emissions by output, and is calculated as the company's total emissions divided by its revenue. | Data availability may be lower than Data Availability – Carbon Intensity for the two calculations of financed emissions (Carbon Emissions and Total Carbon Emissions). This is because the financed emissions metrics require availability of both carbon emissions and Enterprise Value including Cash for each holding.

Artesian Green and Sustainable Bond Fund (NZD)

Carbon Metrics as of 31.03.25

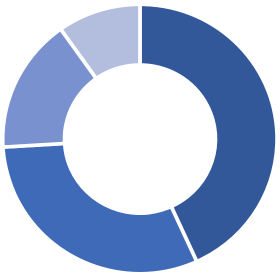
Overall Portfolio CO_2 Emissions and Intensity as of 31 March 2025

Carbon Footprint	Carbon Emissions	Total Carbon Emissions	Carbon Intensity	Weighted Average Carbon Intensity	Data Availability (Carbon Intensity)*
Portfolio	98	1,588	117	80	45
Benchmark	69	32,516	72	41	11
	T CO_2e/$M Invested	T CO_2e		T CO_2e/$M Sales	% Market Value

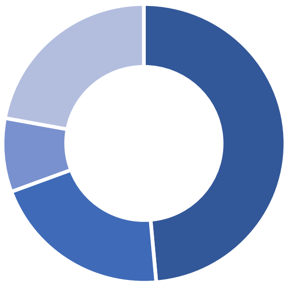
Corporate Bonds

Sectors	Market value	Contribution to portfolio emissions
Utilities	19.8%	47.6%
Consumer Discretionary	14.1%	20.3%
Communication Services	7.4%	8.4%
Consumer Staples	4.5%	21.6%

Portfolio value by sector



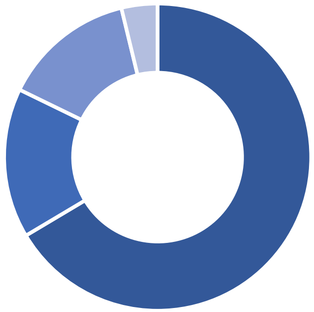
Portfolio carbon emission by sector



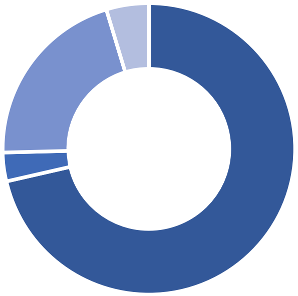
Green Bonds

Sectors	Market value	Contribution to portfolio emissions
Financials	66.5%	71.4%
Utilities	15.8%	3.2%
Consumer Discretionary	14.0%	20.7%
Real Estate	3.8%	4.7%

Portfolio value by sector



Portfolio carbon emission by sector



***Please note the limited data availability due to the nature of the asset class.**

Source: MSCI | Benchmark: Bloomberg AusBond Composite 0-5 Yr Index, 100% hedged to NZD.

Stewardship Devon Sustainability Fund

The Devon investment team has frequent engagements with companies held within the Devon Sustainability Fund. This quarter we highlight our engagement with the Spark Chair.

The Devon Sustainability Fund aims to generate capital growth over the long term by investing in those New Zealand and Australian listed companies that exhibit sustainable characteristics and which demonstrate credible strategies to improve their outcomes with respect to Environmental, Social and Governance (ESG) factors.

Engagement spotlight

During the quarter we met with the Chair of Spark and discussed the company at a board/strategic level. Given the poor performance of Spark there have been several governance concerns.

The Chair's view is that poor performance has been due to mostly cyclical issues. Consumer and SME mobile have cyclical forces, which is 80% of their business. Conversely, there are clearly some structural pressures with the Government and Enterprise business. In terms of guidance, they had assumed more of a recovery with the E&G sector. They were confident that this will have been the last downgrade.

Regarding Spark's dividend, we discussed the process around communication of their capital management process. They want the dividend to be funded by the core operating business, with their data centre plans to be funded through a capital partnership.

On tenure, the Chair talked through the management team structure. The Board seem to have quite firm support for the CEO.

Stewardship TAHITO Te Tai o Rehua Fund

Putting Environment and People before Profit: The TAHITO Te Tai o Rehua Fund is a values-led ethical and sustainable Australasian equities fund for investors who want competitive market returns but equally would like to see their capital applied to a high ethical standard and in investments that are making a positive social and environmental impact.

Engagement spotlight

Tahito's recent analysis of Sims Limited (SGM.ASX) shows a company playing a critical role in driving decarbonisation and supporting sustainable industrial practices. Sims Limited demonstrated a committed approach to climate change mitigation, positioning itself as a leader in decarbonisation through its metal recycling and circular economy business model. The company has made significant strides in reducing its carbon footprint while simultaneously enabling substantial carbon avoidance through its core business operations.

Tahito's analysis identified the following strengths:

- Ranked #1 on Corporate Knights' 2024 Global 100 Most Sustainable Corporations
- 31% reduction in Scope 1 and 2 emissions from FY20 baseline
- 83% renewable electricity consumption across 110+ sites
- Recognised as Asia-Pacific Climate Leader in 2024

Tahito's analysis also identified the following areas for development:

- Need for more comprehensive Scope 3 emissions reporting
- Further integration of emissions reduction across all global operations
- Continued development of emissions reduction technologies

Sims Limited demonstrates strong alignment with TAHITO principles, particularly:

- Whanaungatanga (Relationships): Collaborative approach to sustainability
- Whakapapa (Interdependence): Recognition of systemic environmental connections
- Utu (Reciprocity): Giving back through circular economy and community initiatives

Sims Limited demonstrates a mature and integrated approach to sustainability, effectively translating circular economy principles into tangible business practices. The company's strengths lie in its innovative technologies, comprehensive reporting, and commitment to systemic change. Future opportunities include deeper technological innovation, more granular impact measurement, and enhanced stakeholder engagement.

The organisation shows significant potential to further advance its sustainability journey by continuing to embed indigenous knowledge, expand circular economy solutions, and maintain its leadership in responsible business practices. Tahito provides these recommendations to Sims Limited as part of its stewardship efforts.

Stewardship Devon Global Sustainability Fund

During the last quarter of 2024, Wellington Management Group (the underlying fund manager of our Global Sustainability Fund) had 43 engagements with names held in the portfolio on a broad range of ESG topics.

This Fund aims to generate long term total returns by investing in a selective portfolio of global companies 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.

Engagement spotlight

The Wellington team were not encouraged by their engagements with the board of the networking and technology company, Cisco. They sought to engage following the surprise departure of another director in Q4 2024. Wellington have been gradually losing confidence in Cisco and ultimately decided to eliminate the holding in the quarter. Execution felt weighed down by bureaucracy, management turnover was high, and their recent Splunk acquisition marks a shift in strategy. While the deal is accretive, Wellington had concerns over the strength of the product suite and the potential for cross-sell. This is against a backdrop where ten senior leaders have been in their roles for under two years - including the leads for strategy, go to market, hardware, operations, product officer, chief security and trust officer, marketing, accounting, and IR. This level of leadership churn may be necessary, but it reflects a company in transition. Reaccelerating the Cisco story requires a strong board to help navigate the changing competitive environment and shifting end market needs. Meanwhile there have been two failed director appointments in short succession (one given conflicts with her role as CEO of AMD and the other stepping down with no explanation). This raises questions around board dynamics and the strength of the nominations committee. Wellington's concerns about Cisco have grown since they initiated the position, including a high level of management and board turnover, growing questions on capital allocation, and a tougher competitive backdrop, driving Wellington's decision to eliminate the name.

Stewardship Devon Global Impact Bond Fund

Wellington Management Group (the underlying fund manager of our Global Impact Bond Fund) see a meaningful opportunity to supplement our knowledge of companies, and to enhance our influence on their long-term success, through engagement.

This Fund aims to deliver long-term total returns in excess of the index by investing in a diverse portfolio of global bonds. The Fund seeks to invest primarily in debt issued by companies that are addressing the world's environmental and social problems.

Engagement spotlight

Wellington engaged with a development finance institution (DFI) to learn how the issuer could expand the impact of the projects it is financing. Investments in development banks can improve economic, social, and environmental outcomes, often through job creation and other ways of driving sustainable growth. Through this engagement, they sought to understand the issuer's financing of nuclear power production, an area they have historically avoided, given their preference for pure-play renewable energy sources. Wellington discussed how nuclear energy will likely be a significant part of the global low-carbon energy transition, and its central role in select countries' climate strategies. To better assess the eligibility of these DFI's bonds for the portfolio, Wellington outlined their need for more detailed disclosure on its lending book. They remain engaged with this issuer on the topic of disclosure.

More broadly, Wellington engaged with several sovereign issuers on promoting better standards in sustainable debt markets. With the debt office of a developed market sovereign, Wellington discussed the framework for its upcoming green bond. They provided feedback on the core elements of the proposed framework, including use of proceeds (UOP), lookback period, impact reporting, and external review. Wellington highlighted the need to align the green bond's UOP with the country's broader climate agenda and highlighted the need to understand its climate policies. Specifically, they seek to invest in labelled bonds of sovereign issuers that they believe have credible targets and policies. Wellington's feedback was well received, and the sovereign's debt office expressed a desire to continue the dialogue as it gets closer to issuance.

Stewardship Artesian Green and Sustainable Bond Fund (NZD)

Artesian seeks to actively engage with companies and issuers in exploring ways to align their business strategy, and operating policies with best practice international standards and ESG frameworks, as well as engaging within the wider industry.

The Artesian Green & Sustainable Bond Fund (NZD) is managed by Artesian Corporate Bond Pty Ltd ("Artesian"). The strategy for the Fund is to invest in a diversified portfolio of Australian and international bonds labelled as Green, Social or Sustainable Bonds that have been screened in accordance with Artesian's screening processes.

Engagement spotlight

In the past 12 months, as part of Artesian's engagement program, they have engaged with four Australian port bond issuers; Port of Melbourne, NSW Ports, Flinders Ports and Port of Brisbane (POB). In addition to providing enhanced understandings of each issuer, this has provided the basis to consider sector-wide issues and develop sector-wide relative observations and comparisons. This engagement focuses on the POB, who are aiming for net zero emissions by 2030, with initiatives like green button technology and electric vessels. Scope three emissions remain a challenge, with efforts to reduce them through partnerships and technology. With respect to physical and transition climate risks, Artesian were informed that "86% of all ports are exposed to more than three types of climatic and geophysical hazards. Extreme conditions at sea (e.g. storms) are expected to cause operational disruptions to around 40% of ports globally."

The infrastructure impact of severe flood events has not been significant to POB to date – in part due to POB's capacity to minimize this through "parking" ships offshore until the physical impacts have passed. The physical infrastructure is quite resilient, and substantial impact is modelled at >8.5 RCP (Representative Concentration Pathway).

By their very nature, ports are located in hazard-prone areas along coastlines and are therefore exposed to storms and floods. They are required to cope with rising sea levels and more severe weather events, given the coastal location of port assets. As a consequence, Artesian have determined that ports reflect elevated physical and transitional risks to and from climate change. POB aims to mitigate this by demonstrating a strong and peer-leading understanding and articulation of these risks along with an active and well-described response strategy and processes. Moreover, like other ports, POB revenue is largely "protected" as a government supported monopoly service provider and there is no significant level of competition between the five major urban ports.

Artesian has initiated a sector study to further consider and determine the potential impact (capex and opex) to current port infrastructure due to long-term climate risks. Noting its ESG risk commitment and initiatives, POB has expressed interest in further engagement as it considers issuance of a labelled bond.