DEVON FUNDS.

Quarterly Sustainability Report

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Interest Piece: RIAA AU Conference 2025

The Responsible Investment Association Australasia (RIAA) hosted their annual conference in Australia during May, with more than 800 attendees and 100 expert speakers.

Devon is a proud RIAA member and joined fellow New Zealand asset owners and managers at the conference. In this piece we touch on some of the key themes that emerged at the conference, across various speakers and panels.

Up first and a highlight of the conference was Paul Clements-Hunt who is credited with coining the acronym "ESG" and helped establish the UN Principles for Responsible Investment (UN PRI). He discussed how ESG was never meant for 'normal people'. Ultimately ESG is about risk, and how investors are mitigating, managing, or transferring risk. The way "ESG" has entered the mainstream is what has led it to being misunderstood and misconstrued, this is important in the context of Trump's "anti-woke" agenda.

Climate and nature are of course cornerstones of a responsible investment conference. Australia has suffered from inconsistent energy policy over the last 10 years. At the time of the conference the latest Australian election had just taken place with a Labor Party win. The mood of the room was that it is likely Labor will be around for two terms which should give more certainty around climate and energy policy. Consistent long-term policies could make Australia an attractive destination for capital, but it will take both private markets and public markets to drive and achieve real outcomes.

On nature, investors were faced with the critical question on how to value 'living nature'. Nature, as it stands, is only valued when it is dead. We see this in the seafood industry, in forestry, and even floristry. If we can't find a way to value living nature then we will continue to take it for granted. Humans are a reactive species, but when it comes to both nature and climate, we need prevention, and unlike almost every other issue we face, these crises can't be reversed.

The topic of governance and what good governance looks like emerged across several sessions at the conference. In general, there was a call to investors to be asking boards if they have directors with technology expertise, and importantly, cognitive flexibility. Cognitive flexibility relates to directors' ability to challenge the status quo, think strategically, and practice systems thinking. This is important given that the average age of directors in Australia is 61, so when looking at board skills matrixes and director degrees, it is important to keep in mind these were completed over 40 years ago. It was the view from panelists who were directors themselves that the best functioning boards are those that are curious, future focused, and they are very alive to the massive societal changes happening.

Diversity, Equity, and Inclusion (DEI) was also a theme at the conference. For companies, targets are really a minimum and you have to critically look at whether a company has operationalized DEI, whether they have been careful in how it has been implemented, and that it is viewed as core business. If diversity is not looked at through a commercial lens, then it is just a 'nice to do' for companies and probably not robust. Panelists encouraged investors to look at whether diversity is looked at as an activity, or whether a company is focused on having diverse people making decisions. Improving diversity statistics as metrics only goes part of the way to changing culture.

Overall there were plenty of fruitful discussions, and certainly interesting for New Zealand investors in the bigger Australian market to understand the key opportunities, challenges and emerging best practices.

- Alice Jones, ESG Analyst

Devon Sustainability Fund

Carbon Metrics as of 30.06.25

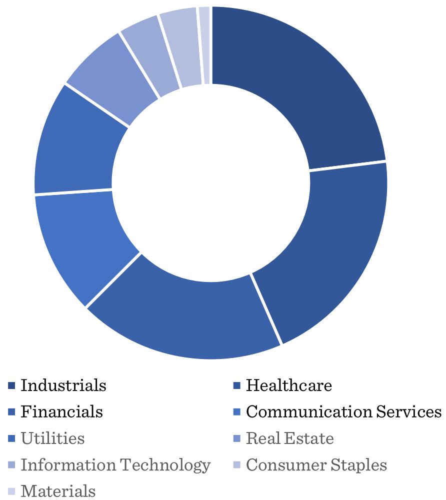
Overall Portfolio CO_2 Emissions and Intensity as of 30 June 2025

Carbon Footprint	Carbon Emissions	Total Carbon Emissions	Carbon Intensity	Weighted Average Carbon Intensity	Data Availability (Carbon Intensity)
Portfolio	16	732	37	36	100
Benchmark	52	2,448	100	64	100
	T CO_2e/$M Invested	T CO_2e		T CO_2e/$M Sales	% Market Value

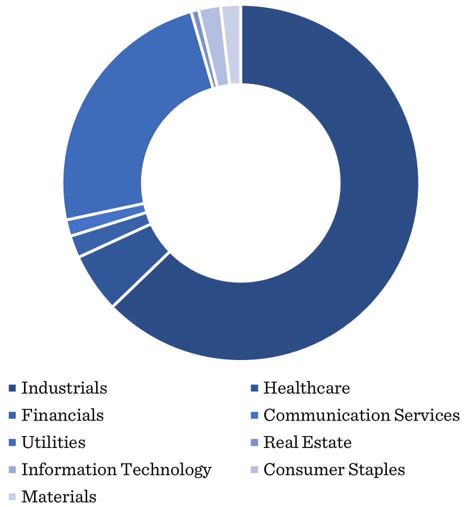
Sectors	Market value	Contribution to portfolio emissions
Industrials	22.8%	62.7%
Healthcare	20.2%	5.4%
Financials	18.9%	2.0%
Communication Services	11.3%	1.5%
Utilities	10.5%	23.8%
Real Estate	6.7%	0.7%
Information Technology	3.8%	0.0%
Consumer Staples	3.6%	2.0%
Materials	1.2%	1.8%

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

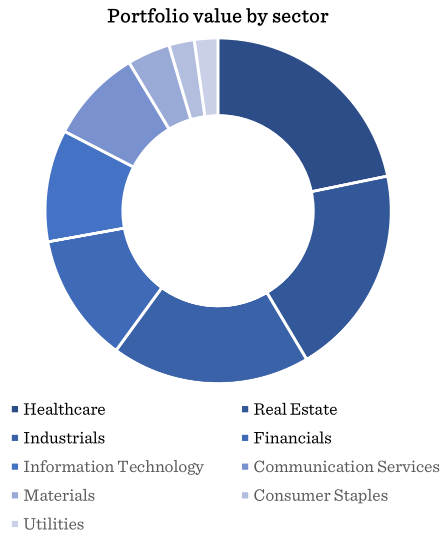
Carbon Metrics as of 30.06.25

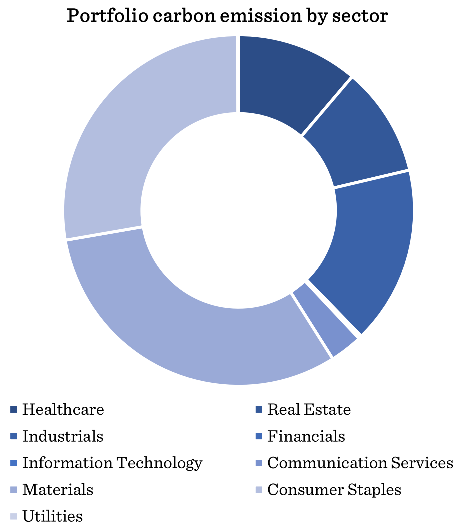
Overall Portfolio CO_2 Emissions and Intensity as of 30 June 2025

Carbon Footprint	Carbon Emissions	Total Carbon Emissions	Carbon Intensity	Weighted Average Carbon Intensity	Data Availability (Carbon Intensity)
Portfolio	6	157	12	11	97
Benchmark	52	2,448	100	64	100
	T CO_2e/$M Invested	T CO_2e		T CO_2e/$M Sales	% Market Value

Sectors	Market value	Contribution to portfolio emissions
Healthcare	21.8%	11.2%
Real Estate	19.7%	10.1%
Industrials	18.6%	16.4%
Financials	12.1%	0.2%
Information Technology	10.5%	0.1%
Communication Services	8.8%	3.0%
Materials	4.0%	31.3%
Consumer Staples	2.4%	27.6%
Utilities	2.2%	0.1%

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





Devon Global Sustainability Fund

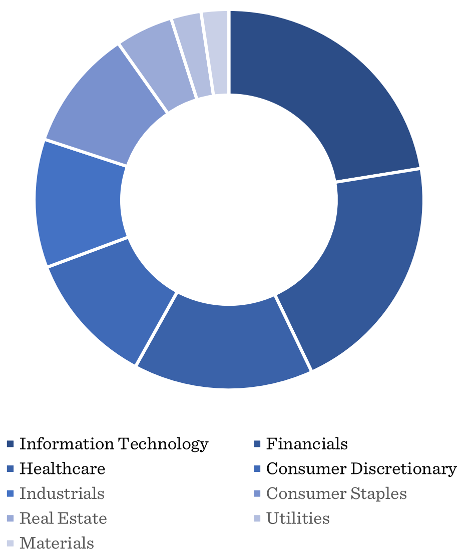
Carbon Metrics as of 31.03.25*

Overall Portfolio CO_2 Emissions and Intensity as of 31 March 2025

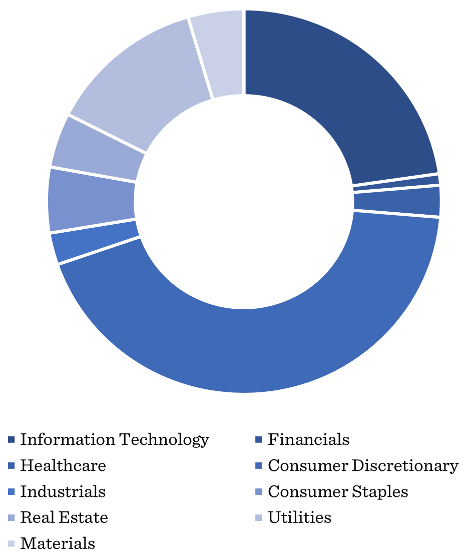
Carbon Footprint	Weighted Average Carbon Intensity	Total Carbon Emissions	Financed Emissions - Economic Intensity	Data Availability (Carbon Intensity)
Portfolio	52	24,030	9	100
Benchmark	118	111,934	43	100
	T CO_2e/$M Sales	T CO_2e	T CO2e/$M Invested	% Market Value

Sectors	Market value	Contribution to portfolio emissions
Information Technology	22.3%	11.9%
Financials	20.6%	0.5%
Healthcare	14.9%	1.4%
Consumer Discretionary	11.2%	22.8%
Industrials	10.9%	1.4%
Consumer Staples	10.2%	2.9%
Real Estate	4.8%	2.4%
Utilities	2.5%	6.8%
Materials	2.3%	2.4%

Portfolio value by sector



Portfolio carbon emission by sector



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

Source: MSCI | Benchmark: MSCI All Country WorldWeighted Average Carbon Intensity (WACI): A proxy for the carbon efficiency of fund construction when compared to the benchmark. This metric is calculated as a weighted average of each holding's carbon intensity, using the % market value in the fund. Each holding's carbon intensity normalizes its total emissions by output and is calculated as the company's total emissions divided by its revenue. | Financed Emissions – Absolute: The total emissions financed by the fund. This metric accounts for mandate size by summing the result of '% Enterprise value incl cash financed X Emissions' for each holding. | Financed Emissions – Economic Intensity: 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 fund's total market value. Please note that in our ongoing efforts to align our reporting with the latest industry standards and provide more accurate and meaningful data, we have updated our terminology. The metric previously referred to as "Total Carbon Emissions" is now termed "Financed Emissions – Absolute" and the metric previously referred to as "Carbon Emissions" is now termed "Financed Emissions – Economic Intensity. | % MV of Carbon Eligible Securities: For the fund this indicates the holdings in scope for carbon footprint analysis,

Devon Global Impact Bond Fund

Carbon Metrics as of 31.03.25*

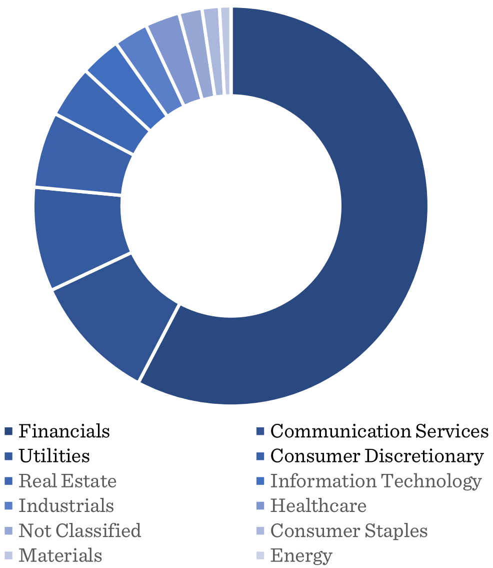
Overall Portfolio CO_2 Emissions and Intensity as of 31 March 2025

Carbon Footprint	Weighted Average Carbon Intensity	Total Carbon Emissions	Financed Emissions - Economic Intensity	Data Availability (Carbon Intensity)
Portfolio	28	2,743	12	81
Benchmark	190	15,660	70	96
	T CO_2e/$M Sales	T CO_2e	T CO2e/$M Invested	% Market Value

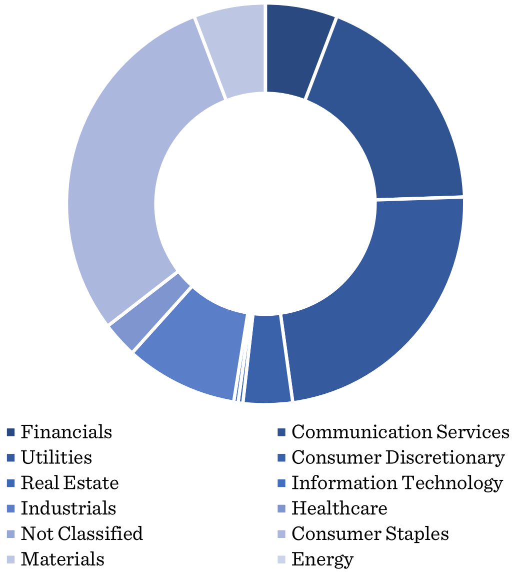
Sectors	Market value	Contribution to portfolio emissions
Financials	12.3%	1.6%
Communication Services	2.2%	5.1%
Utilities	1.8%	6.4%
Consumer Discretionary	1.3%	1.1%
Real Estate	0.9%	0.1%
Information Technology	0.7%	0.1%
Industrials	0.6%	2.5%
Healthcare	0.6%	0.8%
Not Classified	0.4%	0.0%
Consumer Staples	0.3%	8.1%
Materials	0.2%	1.6%
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: MSCI All Country WorldWeighted Average Carbon Intensity (WACI): A proxy for the carbon efficiency of fund construction when compared to the benchmark. This metric is calculated as a weighted average of each holding's carbon intensity, using the % market value in the fund. Each holding's carbon intensity normalizes its total emissions by output and is calculated as the company's total emissions divided by its revenue. | Financed Emissions – Absolute: The total emissions financed by the fund. This metric accounts for mandate size by summing the result of '% Enterprise value incl cash financed X Emissions' for each holding. | Financed Emissions – Economic Intensity: 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 fund's total market value. Please note that in our ongoing efforts to align our reporting with the latest industry standards and provide more accurate and meaningful data, we have updated our terminology. The metric previously referred to as "Total Carbon Emissions" is now termed "Financed Emissions – Absolute" and the metric previously referred to as "Carbon Emissions" is now termed "Financed Emissions – Economic Intensity. | % MV of Carbon Eligible Securities: For the fund this indicates the holdings in scope for carbon footprint analysis, inclusive of only corporate holdings. | % Data Availability: This indicates the % of Carbon Eligible MV (defined and shown below) with data coverage. Data availability for financed emissions metrics may differ from that for carbon intensity metrics.

Artesian Green and Sustainable Bond Fund (NZD)

Carbon Metrics as of 30.06.25

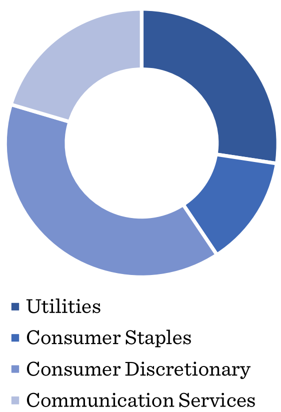
Overall Portfolio CO_2 Emissions and Intensity as of 30 June 2025

Carbon Footprint	Carbon Emissions	Total Carbon Emissions	Carbon Intensity	Weighted Average Carbon Intensity	Data Availability (Carbon Intensity)*
Portfolio	46	1,429	68	53	45
Benchmark	33	1,021	47	25	10
	T CO_2e/$M Invested	T CO_2e		T CO_2e/$M Sales	% Market Value

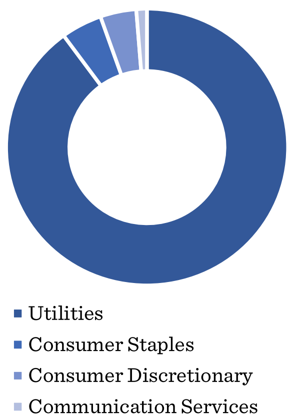
Corporate Bonds

Sectors	Market value	Contribution to portfolio emissions
Utilities	9.3%	89.3%
Consumer Staples	4.5%	4.7%
Consumer Discretionary	13.2%	4.1%
Communication Services	6.9%	1.2%

Portfolio value by sector



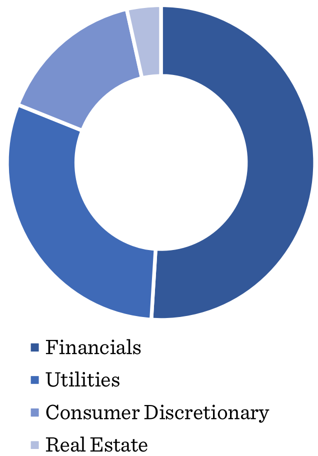
Portfolio carbon emission by sector



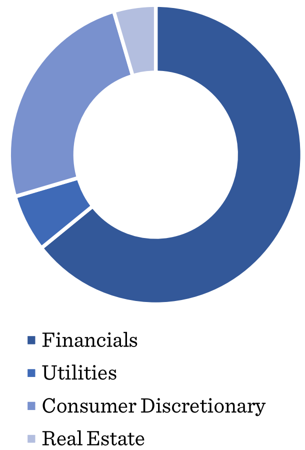
Green Bonds

Sectors	Market value	Contribution to portfolio emissions
Financials	51.0%	64.2%
Utilities	30.0%	6.2%
Consumer Discretionary	15.4%	24.9%
Real Estate	3.6%	4.6%

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. The distinction between Corporate Bonds and Green Bonds is determined by MSCI according to their internal methodology, based on issuer and bond level metadata.

Stewardship Devon Sustainability Fund

The Devon investment team has frequent engagements with companies held within the Devon Sustainability Fund. This quarter we highlight one of our collaborative engagement initiatives.

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

Devon has joined the Climate Action 100+ engagement group for the company Wesfarmers, as a collaborative investor. Whilst we do not currently own the company in our Sustainability Fund, it is one we monitor closely. During the quarter we had our initial meeting with the Executive General Manager, Corporate Affairs who gave us a thorough overview of climate considerations across governance, strategy, and their emissions intensive business WesCEF.

The company spoke to climate governance across their six operating divisions, remuneration settings related to sustainability targets and noted the significance of climate change considerations at the board level. One of our questions was around setting group level targets, which they said they have resisted given the diversity of the emissions profile across its retail and industrial business, various de-mergers, divestments and acquisitions, and view that it is more efficient to focus on divisional specific emissions profiles.

Wesfarmers has achieved an impressive 35% reduction in operational emissions relative to FY20 baseline. A key milestone has been the achievement of 100% renewable energy by 1 July 2025, which has removed 97% of operational emissions in retail relative to FY20. Success has been driven by energy efficiency initiatives and procuring renewable energy purchase power agreements (PPAs). Wesfarmers is also exploring battery storage potential going forward. The company emphasised the value of adopting an internal carbon price in making investment and project decisions, this is interesting and important feedback for other companies who do not use internal carbon pricing.

Scope 1 emissions are concentrated in WesCEF, which is a business within the Wesfarmers group that operates in the chemicals, energy, and fertilizer sectors. Nitrous oxide emissions have been addressed through secondary abatement technology since 2012 on a voluntary basis. A benefit of this is that WesCEF plants are currently below the Safeguard Mechanism carbon intensity requirements, however, they don't disclose by how much and if/when this will move to a carbon liability. Wesfarmers has recently installed a tertiary abatement reactor in one of the three nitric acid plants and has received $33m of commonwealth funding to support the transformation of its other two plants.

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 has completed recent analysis of Meridian Energy (MEL.NZX). Meridian is one of New Zealand's largest energy companies, generating approximately 30% of the country's electricity through 100% renewable sources - wind, water and sun. Meridian's core business activities include the generation, trading and retailing of electricity across New Zealand through its Meridian and Powershop brands, with around 370,000 customer connections representing about 16% of New Zealand households and businesses.

A key focus of Meridian's business model is their commitment to renewable energy and sustainability, demonstrated through their extensive generation portfolio which includes 7 hydro stations, 6 wind farms, and plans for new renewable developments including grid-scale battery storage and solar projects.

The company demonstrates strong alignment with TAHITO principles through its holistic approach to sustainability, commitment to indigenous partnerships, and focus on long-term environmental stewardship. Their activities reflect key TAHITO principles like Whanaungatanga (relationships), Kaitiakitanga (guardianship), and Mauri (life force).

The company's integrated approach to environmental, social, and cultural objectives aligns with both TAHITO principles and Te Utu Panga impact goals, particularly in areas of:

- Environmental regeneration
- Social equity
- Cultural recognition
- Community wellbeing
- Sustainable business practices

Tahito provides this analysis to Meridian Energy as part of its stewardship efforts.

Stewardship Devon Global Sustainability Fund

During the first quarter of 2025, Wellington Management Group (the underlying fund manager of our Global Sustainability Fund) had 36 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

Wellington engaged with the CEO of the global hotel brand Marriott late in the quarter as concerns over a slower travel backdrop emerged. They were delighted to hear every response from the company was framed through the lens of its stakeholders: hotel owners, guests and associates. The CEO highlighted the importance of recognizing and rewarding its associates and acknowledged that future growth depends on hotel owners and franchisees. While the current backdrop can make a business like Marriott's feel more complicated than ever, the CEO reminded us of the wise words of Executive Chairman Bill Marriott: "if you hire the right people, retain them and provide warm genuine care to guests, this solves most problems". The importance of the guest experience is reflected in the leadership role for Marriott's Chief Customer Officer. Marriott has focused on leadership excellence, emphasizing retooling and delayering of management to strengthen the organization. This should provide Marriott with an edge in this period. The CEO discussed his ability to pull levers on short-order if travel demand falls in a less peaceful or stable global backdrop.

Meanwhile, the bar is high for ensuring hotel brands remain fresh and renovated. The benefits of scale, customer loyalty and the Marriott Bonvoy program are all parts of a resilient defence strategy.

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 the Ministries of Finance and Climate of a Caribbean nation on its inaugural green bond issuance, the proceeds of which will support low-carbon transport, renewable energy incentives, and improved water and wastewater management. The government's climate ambition, international collaboration, and high-quality issuance are expected to drive renewable energy investment in a country that relies on imported fossil fuels. Wellington raised concerns about inadequate funding for climate adaptation; their physical climate-risk assessments indicate hazards that could make the country uninvestable without sufficient efforts. Wellington expressed their view that to maintain access to external capital, the government must prioritize adaptation projects, and they recommended allocating a greater share of future green bonds to this crucial area. Wellington will continue to monitor the government's management of evolving physical climate risks, and hope to discuss its adaptation agenda in more detail.

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

A feature of Artesian's engagement is their commitment to additionality. Given the environmental and social benefits achieved through the use of proceeds from labelled securities, Artesian continuously seek out and engage with issuers and potential issuers to encourage the issuance of such securities.

During Q1 and Q2 Artesian engaged with both The Inter-American Development Bank Group (IADB) and "associate entity", IDB Invest, to better understand their respective sustainability initiatives, but specifically, with respect to possible issuance of labelled and particularly blue bonds.

During Artesian's initial meeting and introduction to IADB, IDAB provided an update on its current financials, funding status and new Sustainable Finance Framework. Discussion also featured any current funding arrangements and ownership structure following the recent re-election of President Trump and his Executive Order, noting the US owns 30% of the issued and paid-up capital of IADB. IADB noted that there had been no indication from the US and the Executive Order expires on 1 August 2025, but there is no clarity as to whether this applies to IDAB. Of particular interest to Artesian and being considered under the IADB's Sustainable Finance Framework, is an "Amazonia Bond". The bond would be dedicated to financing the economic, environmental, and social development of the Amazonia Region – improved ecosystems and thus, the livelihoods of those living in the Amazon.

During the following meeting held with IDB Invest discussion included introduction to IDB Invest sustainability initiatives and IDB Invest's interest in potentially returning to the AUD bond market and particularly a labelled blue bond, for potential issuance following "this round of investor engagement". IDB Invest noted that projects which could be allocated to blue bonds, IDB Invest effectively regards as a "green bond" allocation to date. IDB Invest has issued three bonds with sustainable water and/or wastewater treatment use of proceeds and noted it would consider issuing such a bond in Australian dollars.

IDB Invest noted it is currently looking at issuing an AUD bond in the short term and was interested in and pleased by Artisan's interest in and support for issuance of a labelled bond, particularly a blue bond with sustainable water and/or wastewater treatment use of proceeds. The company indicated they would take Artesian's suggestion of issuance of a blue bond back for feedback.