

**DEVON
FUNDS.**

Q1

**Quarterly
Sustainability
Report**

2023





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A Level Playing Field

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 in 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 landfills. 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 its product. However, Fletcher Building management have shared their concerns both in public reporting, and in our recent meeting, that changes to NZ Emissions Trading Scheme (ETS) legislation have created ambiguity regarding the future level of free allocation of New Zealand Units (carbon credits), which may jeopardise this investment. Fletcher's primary concern is that the changes may disincentivise investment in accelerated decarbonisation, given that the baseline could change in five years. Their other concern is that importers do not pay a carbon cost like local manufacturers do, which has direct

implications for Golden Bay. The absence of stable and predictable policy settings constrains their ability to deploy the significant capital required for domestic low-carbon manufacturing, and without favourable policy settings, risks Golden Bay Cement making the decision to import cement that is not subject to the same carbon costs.

The solution to these concerns might be a Carbon Border Adjustment Mechanism (CBAM), which is currently under development in Australia and has been in place in the EU since 2023. Functionally, it is a tariff on carbon and would mean that importers must buy carbon certificates corresponding to the carbon price that would have been paid had the goods been produced under domestic carbon pricing rules. However, at this stage, the New Zealand government are not looking to implement a CBAM. Fletcher has stated that their current investment plan retains the flexibility to either remain a domestic manufacturer or transition to an import model, increasing the possibility of emission leakage.

Another example of a company being held back by a lack of regulatory support arose in our meeting with Channel Infrastructure management. In recent years, Channel Infrastructure has transformed itself from a refinery operator into a dedicated fuel import and storage infrastructure business. The company stores 80% of New Zealand's jet fuel demand.



A Level Playing Field (Continued)

Channel Infrastructure now has an opportunity to support the aviation industry transition to lower carbon fuels, having entered an agreement with Seadra Energy and partners (Qantas, Renova, Kent, ANZ, and now Air New Zealand) to repurpose parts of its decommissioned refinery site at Marsden Point into a biorefinery. The facility would produce biofuels, including sustainable aviation fuel (SAF), using biological feedstock. Separate from the biorefinery, Channel is also exploring synthetic SAF (eSAF) production with its partner Fortescue. Channel would provide infrastructure within its Marsden Point Energy Precinct.

What was evident from our meeting was the discrepancy between the level of support the Australian government is offering for the transition to low-carbon fuels, as compared to the New Zealand government. The Australian government has committed \$1.1 billion to their Cleaner Fuels Program, which would provide production-linked incentives, over 10 years, toward low-carbon liquid fuels projects. This is in recognition of the economic opportunity of developing a local low-carbon liquid fuel industry in Australia, calculated to be worth \$36 billion by 2050 according to the Clean Energy Finance Corporation (CEFC). To date, the New Zealand government has helped fund a feasibility study with Air New Zealand to explore domestic supply chains of alternative jet fuel, and a feasibility study with Channel Infrastructure and Fortescue on producing SAF from green hydrogen. As Channel put it, there is a danger the

Australians 'cut our lunch' in this space, and while this discrepancy became evident from our meeting with Channel Infrastructure, other NZX-listed beneficiaries of regulatory certainty with regard to low carbon fuels would include Air New Zealand and Auckland Airport.

We acknowledge that New Zealand is operating within a tight fiscal environment. However, from both a financial and environmental perspective, we believe there is a lack of regulatory stability and long-term infrastructure planning. Without clear and consistent policy settings, New Zealand risks becoming an importer of cement instead of maintaining our leadership in low-carbon cement manufacturing and being disincentivised to pursue a sustainable aviation fuel industry that could deliver long-term benefits to New Zealand.

- Alice Jones, ESG Analyst



Devon Sustainability Fund

Carbon Metrics as of 31.03.26

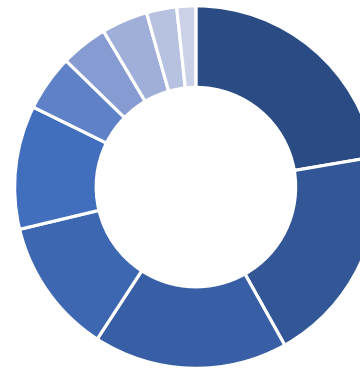
Overall Portfolio CO₂ Emissions and Intensity as of 31 March 2026

Carbon Footprint	Carbon Emissions	Total Carbon Emissions	Weighted Average Carbon Intensity	Data Availability (Carbon Intensity)
Portfolio	25	6	52	100
Benchmark	94	2,281	130	100
	T CO ₂ e/\$M Invested	T CO ₂ e	T CO ₂ e/\$M Sales	% Market Value

Sectors	Market value	Contribution to portfolio emissions
Financials	22.3%	0.4%
Industrials	19.5%	51.8%
Health Care	17.3%	6.5%
Utilities	12.1%	30.8%
Communication Services	11.0%	4.3%
Consumer Staples	5.0%	4.4%
Consumer Discretionary	4.2%	0.3%
Real Estate	4.1%	0.2%
Information Technology	2.7%	0.0%
Materials	1.7%	1.4%

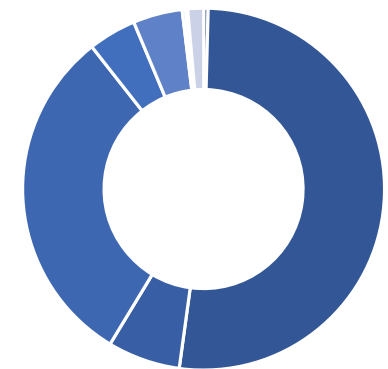
Source: MSCI | Benchmark: 50:50 composite of the S&P/NZX50 Portfolio Index and the S&P/ASX200G index hedged to NZD

Portfolio value by sector



- Financials
- Health Care
- Communication Services
- Consumer Discretionary
- Information Technology
- Industrials
- Utilities
- Consumer Staples
- Real Estate
- Materials

Portfolio carbon emission by sector



- Financials
- Health Care
- Communication Services
- Consumer Discretionary
- Information Technology
- Industrials
- Utilities
- Consumer Staples
- Real Estate
- Materials

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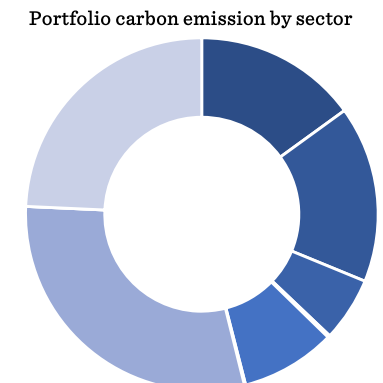
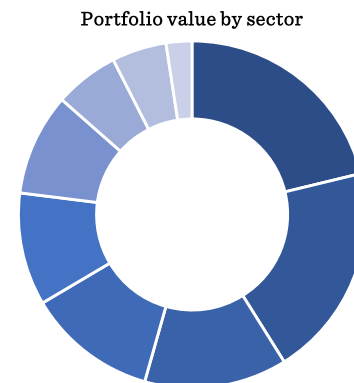
TAHITO Ethical Sustainable Fund

Carbon Metrics as of 31.03.26

Overall Portfolio CO₂ Emissions and Intensity as of 31 March 2026

Carbon Footprint	Carbon Emissions	Total Carbon Emissions	Weighted Average Carbon Intensity	Data Availability (Carbon Intensity)
Portfolio	10	165	18	93
Benchmark	94	2,281	130	100
	T CO ₂ e/\$M Invested	T CO ₂ e	T CO ₂ e/\$M Sales	% Market Value

Sectors	Market value	Contribution to portfolio emissions
Health Care	21.2%	15.0%
Industrials	19.9%	16.2%
Communication Services	13.3%	5.9%
Financials	12.1%	0.2%
Real Estate	10.5%	8.7%
Utilities	9.5%	0.1%
Materials	6.0%	29.6%
Information Technology	5.1%	0.0%
Consumer Staples	2.4%	24.3%



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

- Health Care
- Industrials
- Communication Services
- Financials
- Real Estate
- Utilities
- Materials
- Information Technology
- Consumer Staples

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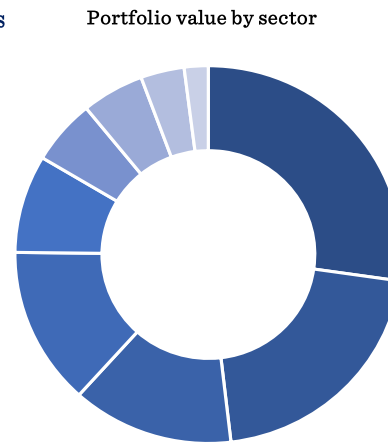
Devon Global Sustainability Fund

Carbon Metrics as of 31.03.26

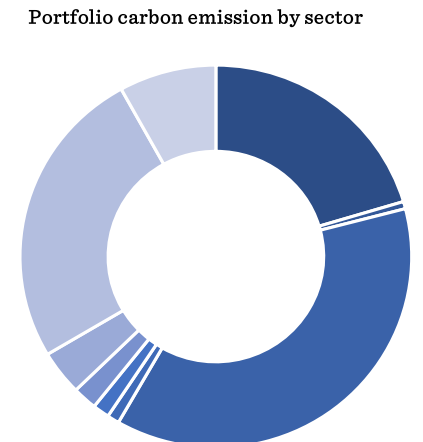
Overall Portfolio CO₂ Emissions and Intensity as of 31 March 2026

Carbon Footprint	Weighted Average Carbon Intensity	Financed Emissions - Absolute	Financed Emissions - Economic Intensity	Data Availability (Carbon Intensity)
Portfolio	80	26,350	14	100
Benchmark	125	80,997	42	99
	T CO ₂ e/\$M Sales	T CO ₂ e	T CO ₂ e/\$M Invested	% Market Value

Sectors	Market value	Contribution to portfolio emissions
Information Technology	27.0%	16.2%
Financials	20.7%	0.5%
Consumer Discretionary	13.4%	29.7%
Industrials	13.4%	0.8%
Healthcare	8.3%	1.1%
Consumer Staples	5.5%	1.6%
Real Estate	5.2%	3.0%
Materials	3.6%	20.3%
Utilities	2.0%	6.4%



- Information Technology
- Consumer Discretionary
- Healthcare
- Real Estate
- Utilities
- Financials
- Industrials
- Consumer Staples
- Materials



- Information Technology
- Consumer Discretionary
- Healthcare
- Real Estate
- Utilities
- Financials
- Industrials
- Consumer Staples
- Materials

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,

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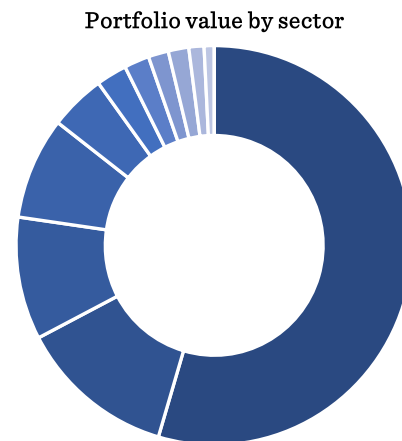
Devon Global Impact Bond Fund

Carbon Metrics as of 31.03.26

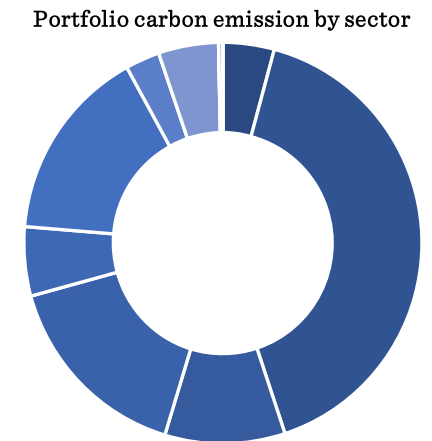
Overall Portfolio CO₂ Emissions and Intensity as of 31 March 2026

Carbon Footprint	Weighted Average Carbon Intensity	Financed Emissions - Absolute	Financed Emissions - Economic Intensity	Data Availability (Carbon Intensity)
Portfolio	29	4,327	17	83
Benchmark	194	17,096	68	96
	T CO ₂ e/\$M Sales	T CO ₂ e	T CO ₂ e/\$M Invested	% Market Value

Sectors	Market value	Contribution to portfolio emissions
Financials	13.2%	1.2%
Utilities	3.1%	11.7%
Real Estate	2.4%	2.8%
Communication Services	2.0%	4.6%
Healthcare	1.1%	1.6%
Industrials	0.6%	4.5%
Consumer Discretionary	0.5%	0.8%
Consumer Staples	0.4%	1.4%
Not Classified	0.4%	0.0%
Information Technology	0.3%	0.1%
Materials	0.2%	0.0%
Energy	0.0%	0.0%



- Financials
- Real Estate
- Healthcare
- Consumer Discretionary
- Not Classified
- Materials
- Utilities
- Communication Services
- Industrials
- Consumer Staples
- Information Technology
- Energy



- Financials
- Real Estate
- Healthcare
- Consumer Discretionary
- Not Classified
- Materials
- Utilities
- Communication Services
- Industrials
- Consumer Staples
- Information Technology
- Energy

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.

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Artesian Green and Sustainable Bond Fund (NZD)

Carbon Metrics as of 31.03.26

Overall Portfolio CO₂ Emissions and Intensity as of 31 March 2026

Carbon Footprint	Carbon Emissions	Total Carbon Emissions	Weighted Average Carbon Intensity	Data Availability (Carbon Intensity)*
Portfolio	15	765	74	65
Benchmark	9	477	24	26
	T CO ₂ e/\$M Invested	T CO ₂ e	T CO ₂ e/\$M Sales	% Market Value

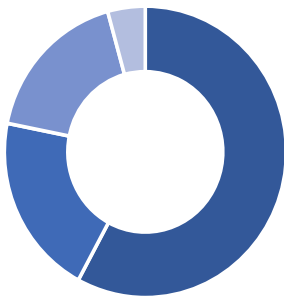
Corporate Bonds

Sectors	Market value	Contribution to portfolio emissions
Financials	51.1%	1.3%
Consumer Discretionary	17.9%	4.0%
Utilities	15.5%	89.0%
Consumer Staples	3.8%	4.6%

Green Bonds

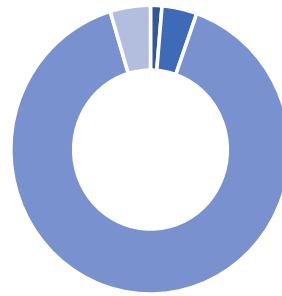
Sectors	Market value	Contribution to portfolio emissions
Financials	50.0%	56.0%
Utilities	30.1%	6.7%
Consumer Discretionary	16.3%	16.3%
Materials	3.5%	9.3%

Portfolio value by sector



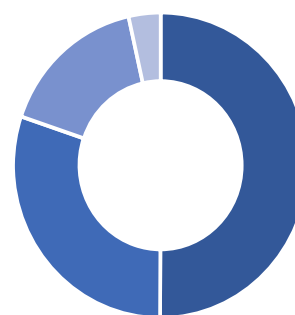
- Financials
- Consumer Discretionary
- Utilities
- Consumer Staples

Portfolio carbon emission by sector



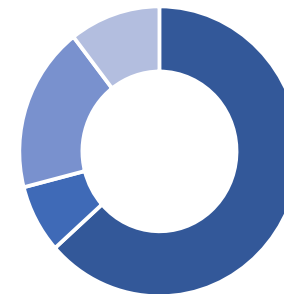
- Financials
- Consumer Discretionary
- Utilities
- Consumer Staples

Portfolio value by sector



- Financials
- Utilities
- Consumer Discretionary
- Materials

Portfolio carbon emission by sector



- Financials
- Utilities
- Consumer Discretionary
- Materials

***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.

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Stewardship Devon Sustainability Fund

The Devon investment team has frequent engagements with companies held within the Devon Sustainability Fund.

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

Getting a sense for the degree to which a company incorporates diversity, equity and inclusion into their hiring processes is difficult as shareholders. While some companies report a breakdown of their gender and ethnic diversity, many do not. We do however have more insight into the construction of boards, and the opportunity to support the election of directors to the board through proxy voting. Where we see issues with board construction, which in our view is not in line with corporate governance best practice, we will reach out to companies to speak to them directly about these issues.

It is uncommon amongst the NZX 50 for boards to have less than 30% female representation. However, during the last quarter, we flagged that at the ASM for Scales (SCL.NZX), board diversity was not sufficient (<30% representation). We took the opportunity to pass on feedback that our expectation was that Scales will try to improve the board's gender diversity at the next opportunity. The company assured us they were aware of the issue, which has arisen through director departures and despite their best efforts to improve female representation.

They will look to address the issue through future director nominations. We were comfortable with the explanation and approach.





Stewardship TAHITO Ethical Sustainable Fund

Putting Environment and People before Profit: The TAHITO Ethical Sustainable Fund is a values-led ethical and sustainable Australasian equities fund for investors who 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

This quarter TAHITO has profiled and engaged with Fisher and Paykel Healthcare (FPH.NZX).

What TAHITO Recognises

FPH's commitment to human wellbeing is embedded in its business model. An R&D investment of 11% of revenue signals genuine long-term kaitiakitanga — stewardship over the science of healing. Growing mana whenua relationships with four iwi at the Karaka campus represent a meaningful foundation for indigenous partnership. GRI and TCFD-aligned disclosure, a Future Directors programme, and a global clinical education hub (22 languages, 21,000+ clinician hours) demonstrate collaborative infrastructure of exceptional quality.

TAHITO Engagement: Four Transformation Pathways

TAHITO has written formally to FPH's leadership team inviting dialogue across four kaupapa.

Te Tiriti Partnership: Zero Maori or Pasifika representation at board or executive level is a structural absence for Aotearoa's largest NZX-listed healthcare company. TAHITO invites FPH to extend its Karaka iwi relationships

into a company-wide Te Tiriti o Waitangi framework governing governance, procurement, and strategic decision-making.

Wealth Distribution Equity (Utu): A CEO-to-median ratio of 67:1 and community investment of 0.37% of NPAT (NZ\$1.4M against NZ\$377M NPAT) represent the most significant gaps against TAHITO's utu framework. As part of our ongoing engagement, TAHITO is actively advocating for FPH to adopt a pathway toward 2% NPAT community investment by FY2027, as well as global employee wealth participation. We look forward to updating investors on how FPH responds to these proposals.

Structural Reciprocity: TAHITO distinguishes between programmatic charity and structural utu, reciprocity embedded in the business architecture itself. FPH's education platform, iwi relationships, and campus development are the seeds of a genuine indigenous community investment fund.

Seven-Generation Governance: FPH's 30 to 40 year campus vision and 50 year innovation trajectory demonstrate exceptional kawa cyclical long-termism in product architecture. TAHITO invites FPH to extend this thinking to its social and financial architecture: from quarterly returns toward holistic wellbeing indicators.



Stewardship Devon Global Sustainability Fund

During the first quarter of 2026, Wellington Management Group (the underlying fund manager of our Global Sustainability Fund) had 33 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

During the quarter, Wellington had the opportunity to engage with the CEO of the global hotel management and brand company, Marriott. They valued the consistency with which management framed strategy through the lens of its stakeholders—hotel owners, guests, and associates. Demand is healthy across segments, with leisure still strong, group bookings ahead of prior-year levels, and smaller corporate travel largely recovered. Wellington’s focus, however, was on the durability and stewardship of their asset-light and scaled model. Management remains focused on brand standards, property quality, technology leverage and the strength of the Bonvoy loyalty program ecosystem – factors that protect the economic value for asset owners and drive a better experience for guests. This in turn supports long-term pricing power and drives higher equity returns. Wellington were encouraged by the discipline of this approach across cycles, ensuring a healthy stakeholder ecosystem and strong operational flexibility across the Marriott brands. This reinforces their view that Marriott’s stewardship is robust and its business model supports structurally high returns

with limited capital needs. Marriott exemplifies a model where stewardship is not enforced by capital intensity, but instead relies on consistent execution, brand discipline, and alignment across a complex stakeholder ecosystem.





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

The Global Impact Bond strategy has a commitment to the theme of resource efficiency and exercises this through maintaining and expanding investments in green bonds. One of these investments, the Italian government's green bond is designed to channel public financing toward environmentally beneficial projects, supporting the country's transition to a low-carbon and climate-resilient economy. By earmarking funds for clean transport, energy efficiency, and biodiversity protection, this bond's issuance aims to embed sustainability into national development.

Wellington's ESG analyst dedicated to sovereign issuers recently engaged with representatives from Italy's Ministry of Finance and found them to be leading on ESG disclosure, with advanced impact modelling and granular regional data. While Italy is making progress on renewables and energy efficiency, legacy building-stock and regulatory bottlenecks remain key challenges. Despite political constraints, the government continues to implement climate-friendly policies and maintain robust green bond issuance. We will continue monitoring alignment

with the EU Green Bond Standard and the evolution of incentives for energy and transport decarbonization.





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

Q1 2026 was an active period of engagement with new and prospective issuers, with Artesian conducting 26 meetings across the quarter. A particularly notable discussion was with Auckland based Watercare, which represents a highly relevant potential issuer of labelled green or blue bonds, although further development is required across resources, expertise and reporting capability.

Artesian maintains a strong commitment to additionality and actively engages with issuers to encourage the development of labelled securities linked to clear environmental and social outcomes. This was a central theme in discussions with Watercare. Given its core activities including wastewater treatment, drinking water provision, network resilience, and stormwater and climate adaptation infrastructure supporting approximately 1.7 million people, together with a planned NZD 13.8 billion capital investment program over the next decade, Watercare is well positioned as a credible labelled bond issuer.

Artesian noted that a significant portion of

Watercare’s capital expenditure appears eligible for green or blue bond classification. Management indicated that labelled issuance is very likely over time, reflecting alignment with the underlying asset base. Watercare is currently developing a Sustainable Finance Framework, however progress has been paused due to resource constraints, an ongoing Board level ESG strategy review, and competing regulatory priorities. While initial eligibility mapping has commenced, it remains incomplete.

Artesian highlighted the strong strategic rationale for labelled issuance, the opportunity to differentiate through blue bonds in the AUD market, and the potential to allocate proceeds across both green and blue eligible projects. Management acknowledged increasing investor expectations in this area and views blue bond issuance as credible, subject to framework completion and internal prioritisation. Artesian will seek further clarity on service fee and revenue cap settings under the Watercare Charter and has offered ongoing support on framework development and labelled bond structuring.