

## ABOUT THE FUND

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.

In this document, we refer to the Artesian Green and Sustainable Bond Fund (AUD) as the Underlying Fund. In most sections of this document, the metrics and commentary shown are taken from the Underlying Fund. We have signalled these sections with a hashtag in the section heading. From time to time there may be small differences between the metrics of the NZD Fund and the Underlying Fund, as a result of liquidity cash held in the NZD fund.

<b>PERFORMANCE</b>	<b>1 Mth</b>	<b>3 Mth</b>	<b>1 Yr p.a.</b>	<b>2 Yr p.a.</b>	<b>Since Inception p.a.</b>
Artesian Green and Sustainable Bond Fund (NZD) Gross Return	0.92%	0.06%	1.38%	4.43%	5.14%
Artesian Green and Sustainable Bond Fund (NZD) Net Return*	0.87%	-0.20%	0.12%	3.22%	4.00%
Artesian Green and Sustainable Bond Fund PIR Return (NZD)**	0.87%	-0.10%	0.74%	3.77%	4.46%
Bloomberg AusBond Composite 0-5 Yr Index 100% Hedged to NZD	0.88%	0.09%	0.50%	3.32%	3.99%

\*Artesian Green and Sustainable Bond Fund (NZD) returns are after all fees and expenses, but before tax which varies by investor. Past performance should not be taken as an indicator of future performance. The inception date for Artesian Green and Sustainable Bond Fund (NZD) is 19 June 2023.

\*\*Artesian Green and 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.

<b>PERFORMANCE of the Underlying Fund</b>	<b>1 Mth</b>	<b>3 Mth</b>	<b>6 Mth</b>	<b>1 Yr</b>	<b>2 Yr</b>	<b>3 Yr</b>	<b>4 Yr</b>	<b>5 Yr</b>	<b>Since Inception (p.a.)</b>
Gross Fund Return	1.10%	0.50%	1.22%	2.52%	5.03%	4.89%	4.58%	2.81%	3.02%
Net Fund Return	1.06%	0.38%	0.97%	2.01%	4.51%	4.36%	4.06%	2.30%	2.50%
Bloomberg AusBond Composite 0-5 Yr Index	1.06%	0.58%	1.00%	1.80%	3.98%	3.59%	3.24%	1.60%	1.45%
Active Return (net Fund return - benchmark)	0.00%	-0.20%	-0.03%	0.21%	0.53%	0.77%	0.82%	0.70%	1.04%

Past performance should not be taken as an indicator of future performance. Net of fees performance is based on end of month redemption prices after the deduction of fees and expenses and the reinvestment of all distributions. Gross performance is the net return with fees and expenses added back. The inception date for the Artesian Green and Sustainable Bond Fund (AUD) is 25 September 2020.

## PORTFOLIO UPDATE#

May was dominated by the continued inflationary impact of higher energy prices and geopolitical tensions in the Middle East. The RBA raised the cash rate for a third time this year to 4.35%. Interest rates have now returned to the level seen in February 2025, before the RBA commenced its rate cutting cycle, therefore the previous easing cycle has now been fully unwound. In Europe, the ECB moved closer to renewed policy tightening as eurozone inflation accelerated above target, with a rate rise in June now appearing increasingly likely. The increase in inflation was driven by a 10.9% rise in energy costs and an unexpectedly sharp acceleration in services inflation to 3.5% from 3.0%. In the United States, the Fed maintained interest rates but adopted a more hawkish tone as inflation remained persistent. Against this backdrop, growth indicators began to soften across developed economies, leaving central banks increasingly challenged as they attempt to balance slowing growth with elevated inflation.

The Underlying Fund's underperformance versus benchmark in May was driven by the overweight credit duration positioning (credit spreads were higher/wider). The Underlying Fund's outperformance came from the overweight interest rate duration positioning (interest rates were lower/tighter). The Underlying Fund's running yield of 5.32% versus the benchmark's 4.72%, had a positive contribution to this month's return.

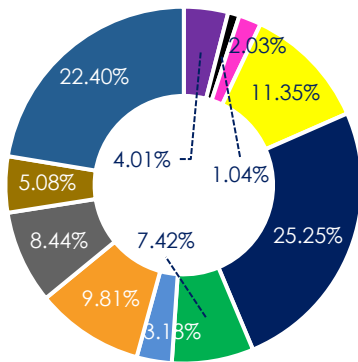
Outperformance in May came from the Underlying Fund's positions in Investa Commercial Property Fund (Green), Mirvac Wholesale Office Fund (Green), OCBC (Green), ESTA – Power SA (Green) and Korea Housing Finance (Social). Underperformance came from the Underlying Fund's positions in BPCE SA (Social), ANZ (Sustainable), NBN (Green), Contact Energy (Green) and ENBW (Green).

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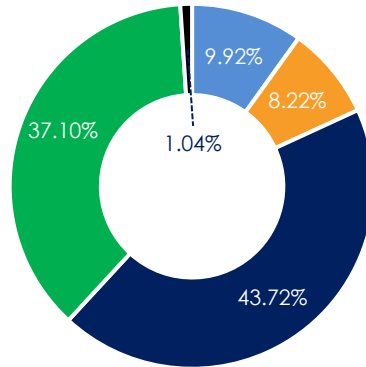
## PORTFOLIO BREAKDOWN#

### SECTOR BREAKDOWN



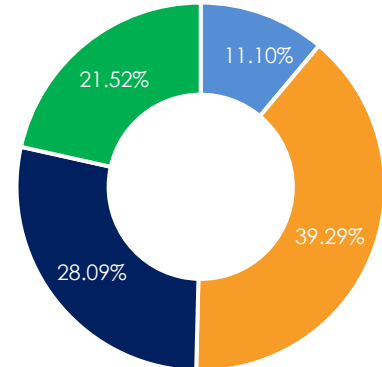
- Agencies
- Consumer Staples
- Financial
- Semi Government
- TMT
- Utilities
- Cash
- Educational Services
- Real Estate
- Supranational
- Transportation & Logistics

### REGION & PRODUCT



- Australian AUD FRNs
- International AUD FRNs
- Australian AUD Fixed Rate
- International AUD Fixed Rate
- Cash

### CREDIT RATING



- AAA
- AA
- A
- BBB

## CREDIT SPREADS#

Global credit spreads performed well in May, although the AUD market underperformed its international peers. On average, Australian dollar investment grade credit spreads widened by 1bp to 106bps. In comparison, euro-denominated spreads tightened by 2.5bps to 79bps, while US dollar spreads tightened by 6bps to 72bps. The relative underperformance of the AUD market appeared to be more technical than fundamental in nature. A significant increase in new issuance provided investors with ample opportunities in the primary market, reducing the need to chase spreads tighter in secondary markets. Australian major bank Tier 2 spreads with a <5yr call date were largely unchanged month on month. However, 10yr call date Tier 2 continue to underperform and widened 13bps on the month. This also led to a further inversion between the 10yr and 20yr parts of the Tier 2 curve. That spread now stands at 23bps which is the steepest it has ever been since the first 20y was issued in August last year.

AS AT 31 <sup>ST</sup> MAY 2026	PRICE	CHG ON MTH
ITRAXX AUSTRALIA 5YR	0.72%	-0.05%
ITRAXX EUROPE 5YR	0.53%	-0.06%
ITRAXX EUROPE XOVER 5YR	2.59%	-0.34%
CDX US IG 5YR	0.50%	-0.04%
CDX US HY 5YR	3.00%	-0.30%

## METRICS FOR THE UNDERLYING FUND#

Although the Underlying Fund's metrics did not change materially month-on-month, Artesian remained highly active across both primary and secondary markets, as both the labelled and non-labelled bond market continued to present attractive opportunities in new issuance. Investor demand remained healthy throughout the month, supporting elevated levels of primary market activity. The rally in Australian government bond yields was particularly notable in May, with yields declining by approximately 20bps across the curve. While this provided a positive tailwind to May's returns, it also resulted in the Underlying Fund's running yield declining by 19bps to 5.32%. With economic data in Australia beginning to soften, combined with elevated interest rate levels following the RBA's three rate hikes this year, the risk-reward balance now appears increasingly supportive of gradually adding duration on any future spikes in yields.

AS AT 31 <sup>ST</sup> MAY 2026	FUND	BENCH-MARK
INTEREST RATE DURATION	2.42	2.37
CREDIT DURATION	3.48	2.37
YIELD TO MATURITY	5.32%	4.72%
YIELD TO WORST	5.32%	4.72%
BLOOMBERG COMPOSITE RATING (weighted average)	A	AA+

\*Using the Morningstar methodology for Average Credit Quality

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In May Artesian witnessed another impressive month of new issuance in the AUD labelled bond market. Artesian recorded eight new deals from eight unique issuers for a total volume of AUD 13.7b.

ISSUER	Bond Type	Issue Date	Issue Size \$M	Fixed/ Floating	Maturity
GRUPE BPCE	Social	20-May-26	400	Fixed	27-May-41

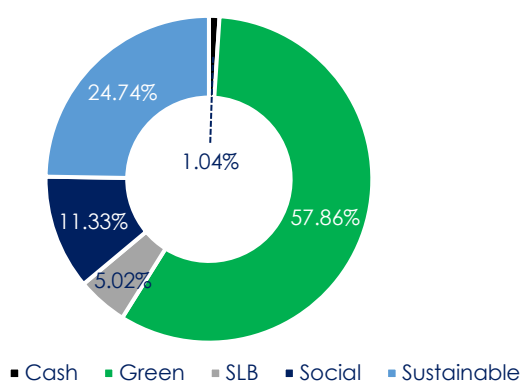
Issuer	 <b>BPCE</b>
Currency	AUD
Sector	Financials
SDG Alignment	
Eligible Projects	<ul style="list-style-type: none"> <li>Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises, including through the potential effect of SME financing and microfinance.</li> </ul>
Indicative Target Populations	<ul style="list-style-type: none"> <li>Workers, not for profit entities and small enterprise owners in socioeconomically disadvantaged areas in order to promote growth and employment creation of local businesses and entrepreneurship initiatives.</li> </ul>

BPCE intend to allocate an amount equal to the net proceeds of the issuance of the subordinated notes to finance or refinance, in whole or in part, new and/or existing loans granted to clients whose activities contribute to local economic development across the employment conservation and creation category "Eligible Social Assets", as further elaborated in their Social Funding Framework.

Such loans will be chosen according to the selection criteria set out in the Social Funding Framework. During the life of the subordinated notes, pending the allocation of the net proceeds for investment in such Eligible Social Assets, the issuer will temporarily invest such net proceeds, at its discretion, in cash and/or cash equivalents. Throughout the term of the subordinated notes, they will monitor the Eligible Social Assets selection and will publish an annual update on the net proceeds on their website.

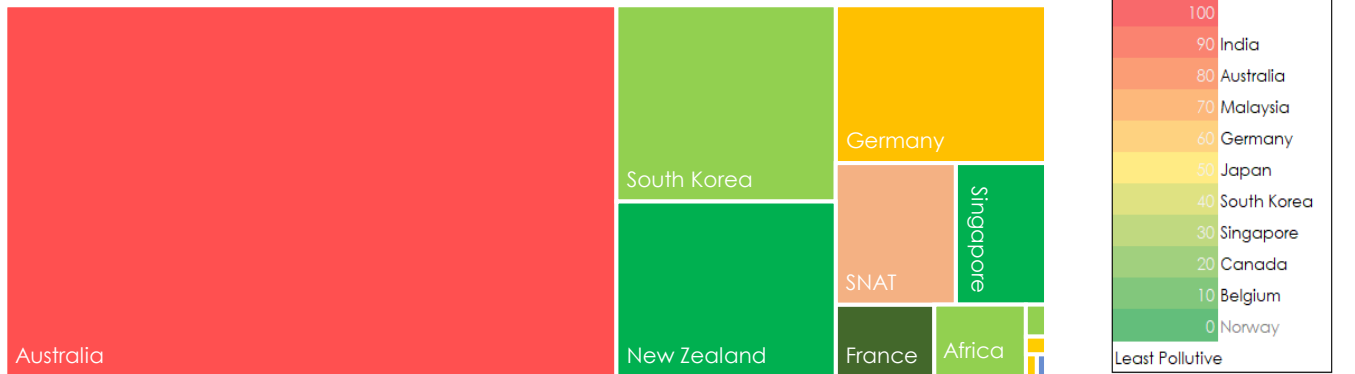
## GREEN, SUSTAINABLE AND SOCIAL HOLDINGS#

**BOND TYPE**



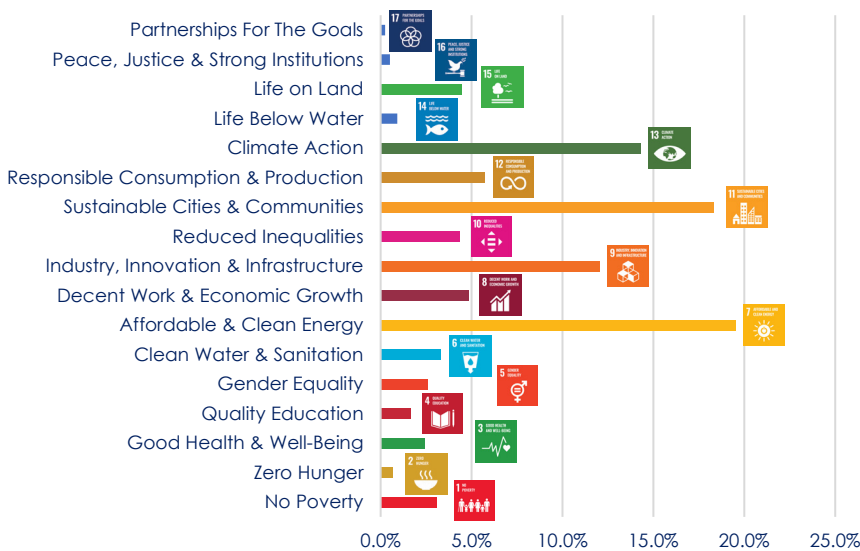
## ALLOCATION OF FUNDS IN THE UNDERLYING FUND#

Where the Underlying Fund's capital is deployed compared to how dirty each country's electricity grid is



The heatmap above shows which countries the Underlying Fund is allocating capital to, to improve the global green economy. The Relative Emission Factor Scale shows how dirty the energy grid of each country is. It is a normalised scale of the baseline emission factor for electricity generation across 43 major countries - how much gCO<sub>2</sub>e/kWh is emitted. In essence, the more green capital investors can channel to higher pollutive countries, the higher the impact per dollar.

## SUSTAINABLE DEVELOPMENT GOALS#



The Sustainable Development Goals are the blueprint to achieve a better and more sustainable future for all. They address the global challenges we face, including poverty, inequality, climate change, environmental degradation, peace and justice. When mapping the SDG's per bond held in the Underlying Fund, Artesian take's a conservative approach. If one bond targets more than one SDG, then the allocation is split evenly between the SDGs and then portfolio weighted. Unsurprisingly, the Underlying Fund is most aligned with Clean Energy, Climate Action and Sustainable Cities, making up 52% of the Underlying Fund's targeted SDGs. The Fund currently supports 17 of the 17 SDGs.

## NOTES

The impact metrics published in this document reflect the proprietary methodology developed by Artesian for the collection, evaluation, calculation and harmonization of thematic ESG indicators that are aligned with United Nations Sustainable Development Goals. Actual data and estimated data are both analysed based on companies' disclosures including but not limited to "Use of Proceeds", "Impact Report" and "Second-party Verification", as well as engagement with the companies themselves.

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