

The Devon View: SpaceX and the South Sea bubble - the historical parallels

Paul Glass, Founder

The proposed IPO of SpaceX at a valuation reportedly approaching US\$1.8 trillion prompts comparison with one of history's greatest speculative manias. While SpaceX is unquestionably a real and highly successful business, aspects of the current investment narrative bear a striking resemblance to the enthusiasm that surrounded Britain's South Sea Company during the famous South Sea Bubble of 1720.

The South Sea Company was founded in 1711 and promised investors access to vast trading opportunities in South America. In practice, the company generated relatively little commercial success. Instead, its soaring valuation became increasingly driven by investor belief in a future that seemed almost limitless. Shares rose from around £100 to nearly £1,000 in 1720 before eventually collapsing when expectations outran reality.

SpaceX is fundamentally different in one critical respect: it possesses a substantial operating businesses. The company dominates global orbital launches, operates the rapidly growing Starlink satellite network, and has generated billions of dollars in annual revenue. Unlike the South Sea Company, SpaceX's underlying business is not a fiction.

However, similarities emerge when examining how investors justify valuation. At approximately US\$18.7 billion of reported revenue, a US\$1.8 trillion valuation implies a revenue multiple that would be extraordinary by historical standards. In 2025 SpaceX posted an earnings loss of...[READ MORE](#)

MARKET INDICES

Index	Region	Monthly Return	1 Yr. Return
S&P/NZX50G	NZ	2.6%	6.6%
S&P/ASX200G	AUSTRALIA	1.1%	6.9%
MSCI World Index	GLOBAL	4.6%	28.0%
S&P500	USA	5.3%	29.8%
FTSE100	UK	0.7%	22.5%
NIKKEI 225	JP	11.9%	77.8%
NZ 90 Day Bank Bill	NZ	0.2%	2.9%
Bloomberg Global Aggregate Index (NZD)	GLOBAL	0.5%	2.3%

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AT A GLANCE

Prices as at 31 May 2026

DEVON ALPHA FUND	\$2.3252
DEVON AUSTRALIAN FUND	\$1.9603
DEVON DIVERSIFIED INCOME FUND	\$1.4999
DEVON DIVIDEND YIELD FUND	\$1.9803
DEVON GLOBAL IMPACT BOND FUND	\$1.3149
DEVON GLOBAL SUSTAINABILITY FUND	\$2.3476
DEVON TRANS-TASMAN FUND	\$5.1606
DEVON SUSTAINABILITY FUND	\$3.1094
ARTESIAN GREEN & SUSTAINABLE BOND FUND	\$0.9985
ARTESIAN SHORT DURATION CORPORATE BOND FUND	\$1.0045

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DEVON ALPHA FUND

FUND OUTLINE

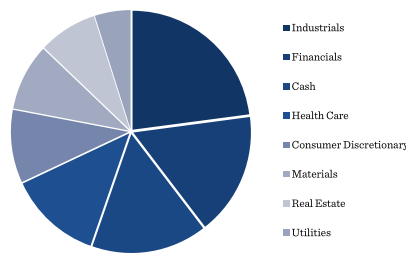
The **Alpha Fund** invests in a concentrated portfolio of approximately 10 to 15 select companies predominantly listed on the NZ and Australian share markets.

The Fund does not follow any index, is actively managed and aims to generate capital growth over the long term. Currency exposure is actively managed.

KEY HOLDINGS



ASSET ALLOCATION



ALLOCATION

New Zealand Equities	47.9%	Cash	15.8%
Australian Equities	36.3%	Total	100.0%
Currency Hedge	97.7%		

PERFORMANCE

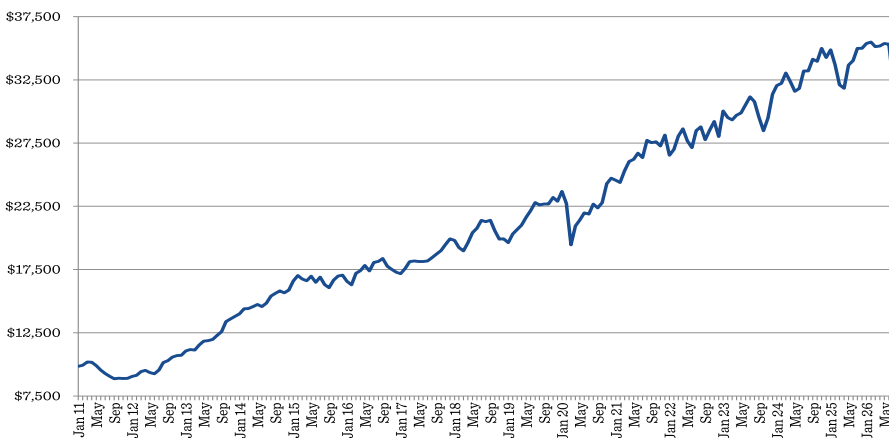
	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	10 Yr p.a
Devon Alpha Fund	5.0%	-1.4%	3.5%	5.2%	5.9%	6.8%
OCR + 5%	0.6%	1.8%	7.8%	9.5%	7.3%	4.3%

*Devon Alpha Fund returns are after all fees and expenses, but before tax which varies by investor.

**The benchmark for Alpha changed to OCR + 5% from 1 September 2022.

NET PERFORMANCE

Based on \$10,000 invested at 1 January 2011



NOTE: Further information on the Devon Alpha Fund can be found in our Quarterly Fund Updates by visiting <https://devonfunds.co.nz/alpha-fund> or by clicking [HERE](#)

COMMENTARY

The Alpha strategy generated strong returns for its investors during the month with material contributions coming from several of our key investments. Capstone Copper jumped 30.0% during May, as the copper price rallied on global supply challenges and strong demand coming from the green energy transition and the development of AI infrastructure. Infratil also moved substantially higher, finishing up 26.4% after the company announced that they had signed the largest data centre contract in Australian history (555 megawatts). Also locally, Mainfreight made an important contribution for us, closing the month up 9.8% after reporting second-half earnings that exceeded expectations. Global equity markets have been well supported, as investors look through the economic implications of the Iran conflict. We have taken this opportunity to raise the cash level in the portfolio and will look to reinvest it when valuation supported opportunities present themselves.

PORTFOLIO MANAGER

Slade Robertson



Slade has primary responsibility for stock selection and portfolio construction for the Alpha, Australian and Diversified Income funds. Slade is also the Managing Director at Devon and has overall responsibility for the business. Slade has over 20 years' industry experience.



DEVON TRANS-TASMAN FUND

FUND OUTLINE

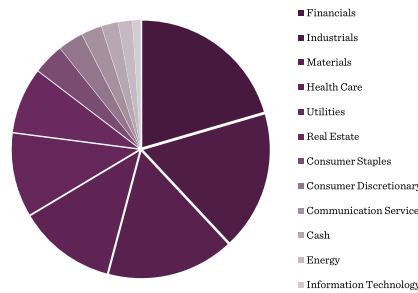
The **Trans-Tasman Fund** provides a broad and actively managed exposure to the New Zealand and Australian equity markets.

This Fund invests in a select portfolio of well researched companies, which are primarily New Zealand and Australian listed companies. The Australian dollar currency exposure is typically unhedged.

KEY HOLDINGS



ASSET ALLOCATION



ALLOCATION

New Zealand Equities	52.6%	Cash	2.1%
Australian Equities	45.3%	Total	100.0%

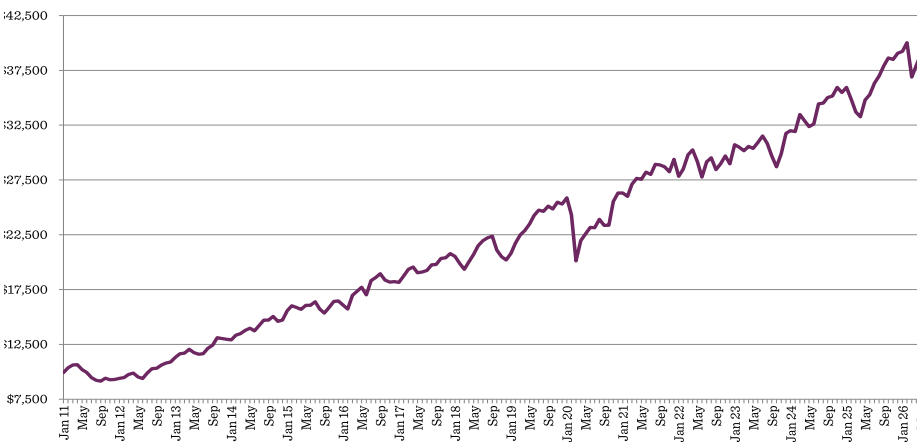
PERFORMANCE

	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	10 Yr p.a
Devon Trans-Tasman Fund	2.8%	-2.7%	11.9%	8.6%	7.2%	7.9%
50:50 NZX50 Gross & ASX200 Index Unhedged	1.1%	-3.2%	12.9%	9.5%	6.1%	9.0%

*Devon Trans Tasman Fund returns are after all fees and expenses, but before tax which varies by investor.

NET PERFORMANCE

Based on \$10,000 invested at 1 January 2011



NOTE: Further information on the Devon Trans-Tasman Fund can be found in our Quarterly Fund Updates by visiting <https://devonfunds.co.nz/trans-tasman-fund> or by clicking [HERE](#)

COMMENTARY

We were pleased that the Trans-Tasman strategy generated both a positive absolute and relative return during May. Amongst our best performers were Capstone Copper (+30.0%), James Hardie which rallied 9.7% and Genesis Energy which closed higher by 1.6%.

A key detractor was Brambles (-26.8%) which fell after the group downgraded FY26 profit expectations by around 5% to reflect pallet availability issues following stronger than expected demand. This resulted in one-off costs to relocate pallets in the US and reduced net new business wins in the near-term. Despite the strong market reaction, we see this as a buying opportunity. Brambles is bringing additional pallets into the US market and is increasing the focus on pallet repairs which we expect to remedy this situation by the end of the calendar year. Brambles is trading on 15x earnings with a strong medium term growth profile and under geared balance sheet.

PORTFOLIO MANAGER

Tama Willis



After a long period in international investment markets, Tama returned to NZ after a very successful career in London and Singapore to join Devon's investment team. Tama holds primary responsibility for Devon's Trans-Tasman Fund. Tama is widely regarded as a leading expert on resource and mining stocks.



DEVON AUSTRALIAN FUND

FUND OUTLINE

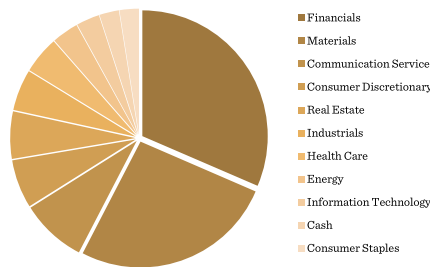
The **Australian Fund** invests in a select portfolio of companies, which are primarily Australian listed companies.

The Australian market is much larger than the New Zealand market and offers exposure to a number of sectors that are not available in New Zealand. The Australian dollar currency exposure of this Fund is typically unhedged.

KEY HOLDINGS



ASSET ALLOCATION



ALLOCATION

New Zealand Equities	0.0%	Cash	2.5%
Australian Equities	97.5%	Total	100.0%

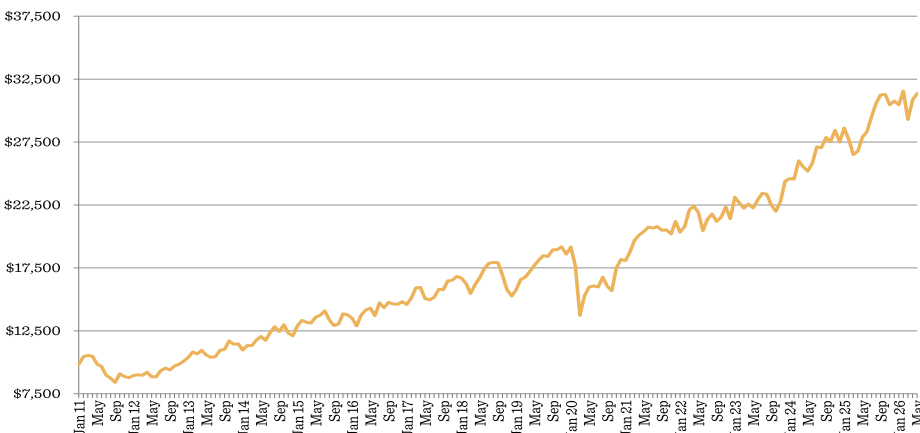
PERFORMANCE

	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	10 Yr p.a
Devon Australian Fund	1.6%	-0.6%	12.5%	12.1%	9.0%	8.1%
ASX200 Index Gross (NZD)	-0.5%	-2.9%	19.2%	15.1%	10.8%	8.4%

*Devon Australian Fund returns are after all fees and expenses, but before tax which varies by investor.

NET PERFORMANCE

Based on \$10,000 invested at 1 January 2011



NOTE: Further information on the Devon Australian Fund can be found in our Quarterly Fund Updates by visiting <https://devonfunds.co.nz/australian-fund> or by clicking [HERE](#)

COMMENTARY

The Australian Fund comfortably outperformed its benchmark in May. Top contributors for the month included Capstone Copper Corporation (+30.0%), Infratil (+28.8%) and BHP Group (+16.0%), while The a2 Milk Company (-24.2%) and Brambles (-26.8%) detracted from performance.

Goodman Group (+7.1%) also performed strongly during the month and remains a material position in the portfolio. The company delivered a quarterly update, reiterating its full-year earnings guidance. Management also noted that returns on developments continue to improve and expects work in progress to increase to approximately \$18.0 billion by the end of June, up from \$14.5 billion. The company now has a 6.4GW data centre pipeline, of which 3.6GW is secured through power arrangements. We also had the opportunity to meet with management following the quarterly update, and they remain confident in the progress being made towards potential leasing arrangements across sites in Tokyo, Los Angeles, Sydney, Paris and Hong Kong.

PORTFOLIO MANAGER

Ben Jenkin



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

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



DEVON DIVIDEND YIELD FUND

FUND OUTLINE

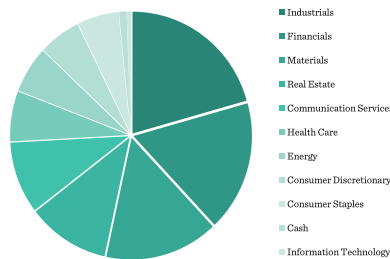
The **Devon Dividend Yield Fund** invests in a carefully selected portfolio of New Zealand and Australian listed companies.

These stocks are chosen for their attractive dividend yields and growth prospects with the aim of maintaining the dividend yield and capital value in real terms. The Australian dollar currency exposure is typically fully hedged.

KEY HOLDINGS



ASSET ALLOCATION



ALLOCATION

New Zealand Equities	62.6%	Cash	0.9%
Australian Equities	36.5%	Total	100.0%
Currency Hedge	95.0%	Yield	5.9%

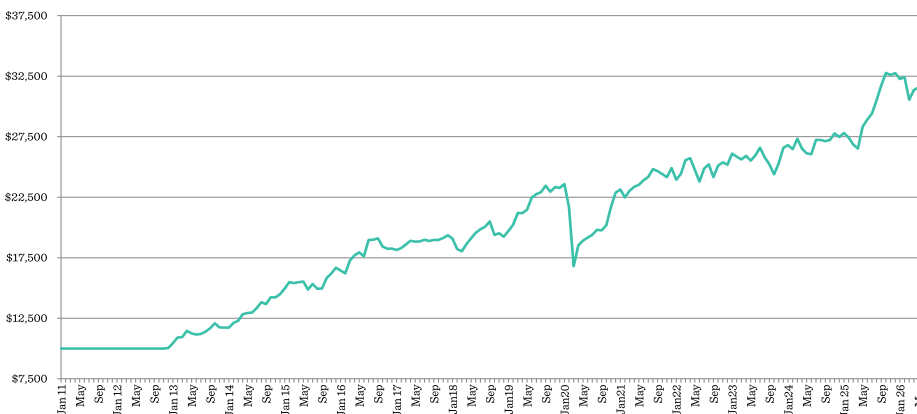
PERFORMANCE

	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	10 Yr p.a
Devon Dividend Yield Fund	0.6%	-2.7%	11.4%	7.3%	6.1%	5.8%
50:50 NZX50 & ASX200 Index Gross	1.9%	-3.8%	6.8%	7.5%	4.8%	7.8%

*Devon Dividend Yield Fund returns are after all fees and expenses, but before tax which varies by investor.

NET PERFORMANCE

Based on \$10,000 invested at 1 January 2013



NOTE: Further information on the Devon Dividend Yield Fund can be found in our Quarterly Fund Updates by visiting <https://devonfunds.co.nz/dividend-yield-fund> or by clicking [HERE](#)

COMMENTARY

During May, the Dividend Yield strategy delivered a positive absolute return. Top performers included BHP (+16.0%), Rio Tinto (+10.9%), and Orica (+9.0%) while key detractors were A2 Milk (-24.5%), Ebos Group (-8.3%), and Ampol (-4.6%). Although headline index performance remains positive across our region, contribution to returns is increasingly narrow. Index heavyweights such as Infratil and Fisher & Paykel Healthcare are doing more of the lifting, while many other smaller companies underperform. In our view, this is creating opportunities for active managers. We have recently added Integral Diagnostics (IDX) to the portfolio. IDX provides diagnostic imaging services, including radiology, across Australasia. Their share price is down nearly 60% from its COVID-era highs, largely due to a contraction in its price-to-earnings multiple from 26x at the peak to a more reasonable 14x today. The business is highly cash-generative and offers a reliable dividend.

PORTFOLIO MANAGER

Patrick Washer



Patrick has primary responsibility for stock selection and portfolio construction for the Dividend Yield Fund. Patrick also holds research responsibilities for the property, aged care and transport sectors.

DEVON FUNDS.

www.devonfunds.co.nz



DEVON DIVERSIFIED INCOME FUND

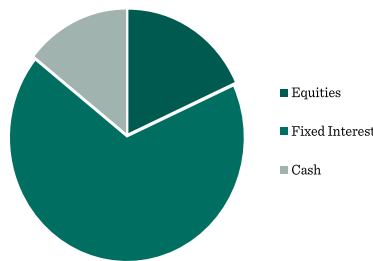
FUND OUTLINE

The **Devon Diversified Income Fund** aims to give New Zealanders access to a diverse and good quality portfolio of high yielding investments. The Fund aims to generate better-than-bank income rates by investing in a carefully selected portfolio of government and corporate bonds, cash, listed property, infrastructure, utility companies, high yielding equities, credit securities and other yielding financial assets.

KEY HOLDINGS



ASSET ALLOCATION



ALLOCATION

New Zealand Equities	16.5%	Bonds	61.0%
Australian Equities	9.6%	Cash	12.9%

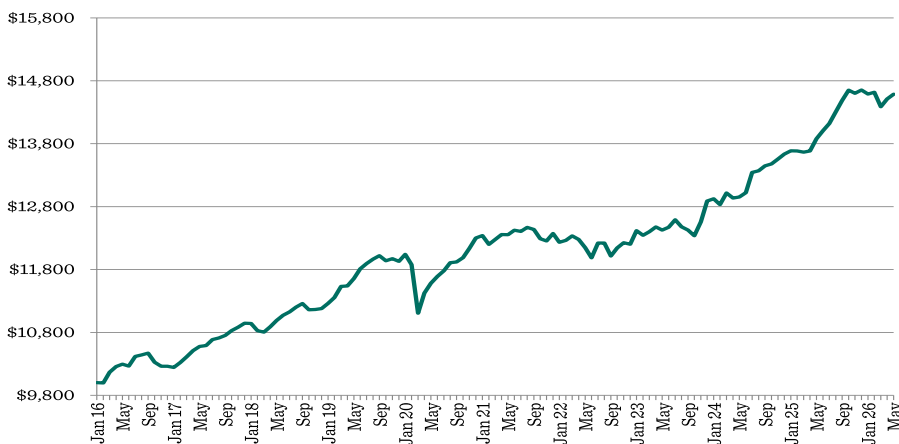
PERFORMANCE

	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	10 Yr p.a
Devon Diversified Income Fund	0.5%	-0.2%	5.1%	5.5%	3.4%	3.6%
75% BB Composite 0-5yr Index, 25% 50:50 Composite NZX50 Gross and ASX 200 Index hedged to NZD	1.3%	-0.5%	3.1%	5.4%	4.7%	3.8%

*Devon Diversified Income Fund returns are after all fees and expenses, but before tax which varies by investor.
**The Devon Diversified Income Fund's benchmark changed to a blended market index from 10th December 2024.

NET PERFORMANCE

Based on \$10,000 invested at 1 January 2016



NOTE: Further information on the Devon Diversified Income Fund can be found in our Quarterly Fund Updates by visiting <https://devonfunds.co.nz/diversified-income-fund> or by clicking [HERE](#)

COMMENTARY

Global bond yields were reasonably stable during the month with the interest rate on US 10-year Treasuries finishing at 4.45%. Although the US Federal Reserve did not have a policy meeting during May, there was significant interest in them as they underwent a major leadership change. After 8-years, Jerome Powell concluded his tenure as Chairman and was replaced by Kevin Warsh. Warsh has highlighted that he is open to debate and disagreement amongst FOMC members, but he has also stated a desire to lead a “reform oriented” central bank, with a focus on sponsoring higher growth. Alongside this objective though is the ongoing challenge of having to navigate rising inflation. This was as evident again last month with the release of the Personal Consumption Expenditures for April, which jumped by 3.8%, its fastest pace in 3-years. The RBNZ held the Official Cash Rate steady at 2.25%.

PORTFOLIO MANAGER

Slade Robertson



Slade has primary responsibility for stock selection and portfolio construction for the Alpha, Australian and Diversified Income funds. Slade is also the Managing Director at Devon and has overall responsibility for the business. Slade has over 20 years’ industry experience.



DEVON SUSTAINABILITY FUND

FUND OUTLINE

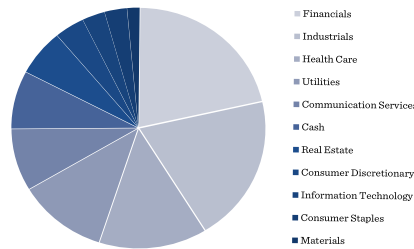
The **Devon Sustainability Fund** invests in a select portfolio of well researched New Zealand and Australian listed companies.

The Fund looks to invest in companies that score highly on overall environmental, social and corporate governance performance. The Fund also employs an ethical screen which will prohibit investment into certain companies and sectors.

KEY HOLDINGS



ASSET ALLOCATION



ALLOCATION

New Zealand Equities	55.0%	Cash	7.8%
Australian Equities	37.2%	Total	100.0%

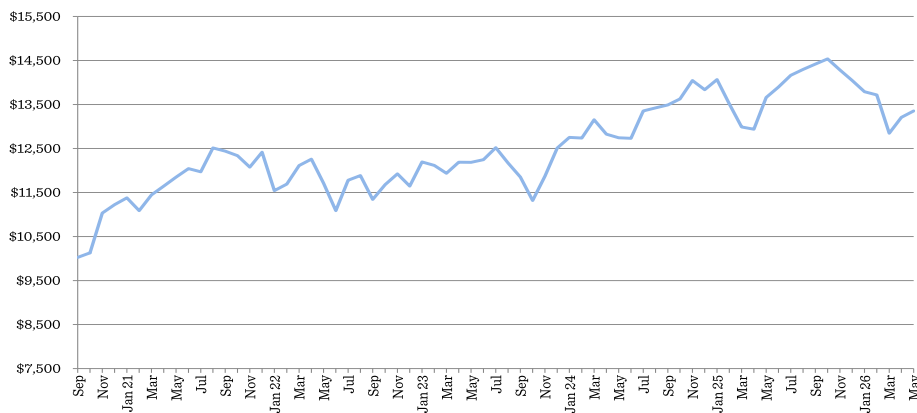
PERFORMANCE

	1 Mth	3 Mth	1 Yr p.a	3 Yr p.a	5 Yr p.a	Since Inception
Devon Sustainability Fund	1.1%	-2.7%	-2.3%	3.1%	2.4%	5.1%
50:50 NZX50 Portfolio Index & ASX200 Index	1.6%	-3.9%	6.7%	7.0%	4.5%	6.8%

*Devon Sustainability Fund returns are after all fees and expenses, but before tax which varies by investor.

NET PERFORMANCE

Based on \$10,000 invested at 31 August 2020



NOTE: Further information on the Devon Sustainability Fund can be found in our Quarterly Fund Updates by visiting <https://devonfunds.co.nz/devon-sustainability-fundor> by clicking [HERE](#)

COMMENTARY

The Sustainability Fund generated a solid absolute return during May. Key contributors to performance included Infratil (+26.4%), Ooh!Media (+15.4%), and AFT Pharmaceuticals (+12.3%), all of which experienced notable developments during the month.

Infratil announced that its portfolio company, CDC Data Centres, had signed a 555MW data centre contract with an unnamed, investment-grade US customer, officially marking the largest data centre contract in Australian history. Following this announcement, Infratil sold a portion of its stake in Contact Energy for approximately NZ\$495 million, strengthening its balance sheet to support future growth projects.

Ooh!Media announced that it had received a second non-binding offer from I Squared Capital and released a trading update demonstrating that the business is performing well despite concerns about cyclical pressures. We subsequently exited the position.

AFT Pharmaceuticals reported its 2026 result, delivering 39% year-on-year operating profit growth, and guided to a further 15-31% increase in operating profit in the year ahead.

PORTFOLIO MANAGER

Ben Jenkin



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

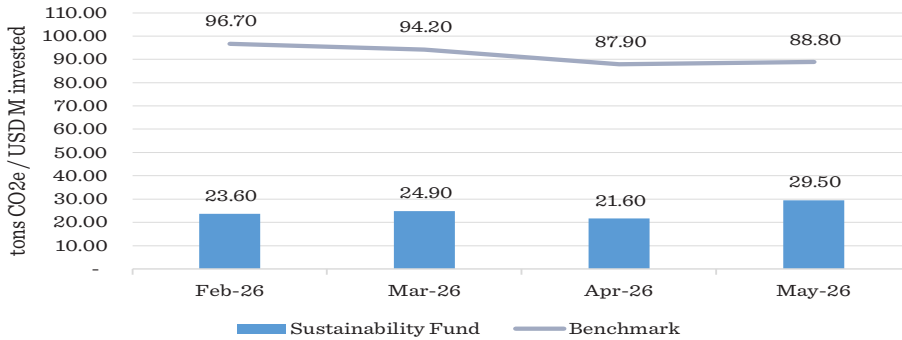
research responsibility for the telco, media and technology sectors, as well as a wide ranging number of industrial companies.



DEVON SUSTAINABILITY FUND

CARBON INTENSITY - PORTFOLIO VS BENCHMARK

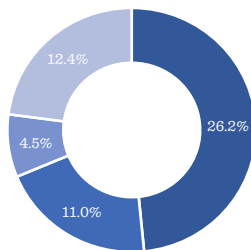
Financed Carbon Emissions - Portfolio vs Benchmark



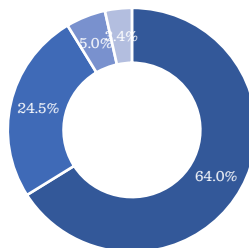
PORTFOLIO CARBON EMISSIONS BY KEY SECTORS

Portfolio Carbon Emissions by Key Sectors

Portfolio value by sector



Portfolio carbon emission by sector



■ Industrials ■ Utilities ■ Consumer Staples ■ Healthcare

The Industrials, Utilities, Health Care and Consumer Staples sectors make up 54.1% of the portfolio by value, but they account for 96.9% of the carbon emissions in the portfolio.

ESG PORTFOLIO SUMMARY

	MSCI ESG Ratings	MSCI ESG Quality score	Portfolio
Portfolio	AA	7.40	Sustainability Fund
Benchmark	AA	7.50	50:50 composite S&P/NZX50 Portfolio Index & S&P/ASX200G Index

PERFORMANCE

1 Mth 3 Mth 1 Yr p.a. 3 Yr p.a. 5 Yr p.a. Since Inception

ESG relative performance	-1.3%	-0.4%	0.7%	2.9%	5.2%	4.8%
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*ESG Relative Performance is the MSCI ESG Score of the Devon Sustainability fund compared to the MSCI ESG Score of the Benchmark
 **Please note due to an issue with MSCI, we have not provided updated data for the month ending 31 May. This will be updated in next months reporting once we are comfortable with accuracy.

PORTFOLIO HOLDING'S DISCLOSURE SUMMARY

Portfolio Holding's Summary

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

STEWARDSHIP

During May, Devon met with Wesfarmers as part of our ongoing involvement in the Climate Action 100+ engagement initiative. The meeting was well timed, providing an opportunity to understand how the Iran war and the resulting disruptions to the Strait of Hormuz have affected the company's fertilisers business. We also discussed the scenario analysis Wesfarmers has undertaken in response to the Australian Climate Standards. They said that the work had identified a range of risks and opportunities, although none currently meet the materiality threshold. An example included extreme heat and its potential impact on major distribution centres and warehouses, which the company has modelled across different temperature scenarios. Finally, we discussed Wesfarmers' Scope 3 emissions, with the largest contributors being raw materials such as fibre, plastic, timber and aluminium. Polyester is a key area of focus. However, the challenge for them in shifting from virgin polyester to recycled polyester is not primarily cost or willingness, but the availability of supply. While hydrocarbon prices make virgin feedstock more expensive than recycled alternatives, the main constraint is the significant infrastructure required to produce recycled polyester, given the complexity of the process.

PORTFOLIO MANAGER

Ben Jenkin

Ben has primary responsibility for stock selection and portfolio construction for the Sustainability Fund. Ben also holds research responsibility for the telco, media and technology sectors, as well as a wide ranging number of industrial companies.





DEVON GLOBAL IMPACT BOND FUND

DURATION

Sector	Contribution to Duration (Years)		
	Account	Benchmark	Difference
Cash & Cash Equivalents	-0.00	-0.00	-0.00
US Government	0.97	1.08	-0.11
Credit*	4.68	4.41	0.27
Asset Backed Securities	0.03	0.01	0.03
Mortgage Backed	0.87	0.62	0.25
Commercial Mortgage	0.02	0.02	-0.01
Other	0.01	0.09	-0.07
Cash Offset	-	-	-
	6.59	6.24	0.35

The Fund invests into the Wellington Global Impact Bond Fund, managed by Wellington Management. Wellington Management is one of the world's leading investment management firms with over US\$1 trillion in assets under management worldwide across a broad range of asset classes. They have been providing innovative investment solutions to clients for more than 85 years. Wellington Management seeks to understand the world's social and environmental problems and to identify and invest primarily in debt issued by companies and organisations that they believe are addressing these needs in a differentiated way through their core products, services and projects. The Wellington Global Impact Bond Fund aims to improve access to, and the quality of, basic life essentials, reduce inequality and mitigate the effects of climate change.

CREDIT RATING

Quality	Percent of Market Value		
	Account	Benchmark	Difference
Cash	-2.38	0.48	-2.86
AAA	33.40	12.10	21.30
AA	27.35	38.49	-11.14
A	15.29	34.82	-19.52
BBB	16.74	13.87	2.87
BB	4.54	0.00	4.54
B	4.25	-	4.25
Below B	0.28	-	0.28
Cash Offset	-1.00	-	-1.00
Not Rated	1.54	0.25	1.29
	100.00	100.00	

They seek to identify securities which it believes fall into three primary impact categories: life essentials, human empowerment and the environment. Within these categories the Fund will invest across "Impact Themes" including, but not limited to the following:

Life Essentials: affordable housing, clean water and sanitation, health, sustainable agriculture and nutrition.

Human Empowerment: digital divide, education and job training, financial inclusion, safety and security.

Environment: alternative energy, resource efficiency and resource stewardship.

*Duration & Credit Rating as at 31 May 2026

DEVON GLOBAL SUSTAINABILITY FUND

The Fund invests into the Wellington Global Stewards Fund, managed by Wellington Management. Wellington Management is one of the world's leading investment management firms with over US\$1 trillion in assets under management worldwide across a broad range of asset classes. They have been providing innovative investment solutions to clients for more than 85 years. Wellington Management seeks to invest in companies globally, that generate high return on capital relative to their peers, and whose management teams and boards display exemplary stewardship to sustain those returns over time. Wellington defines stewardship as how companies balance the interests of all stakeholders (customers, employees, communities and the supply chain) in the pursuit of profits and how they incorporate material environmental, social and governance (ESG) risks and opportunities in their corporate strategy. The underlying Wellington Fund differentiates itself by:

Long-term horizon – the intention is to hold stocks for over 10 years. The belief is the longer the holding period, the greater the potential performance benefits from superior stewardship.

Highly selective – typically 35-45 stocks, only relying on their own internal ESG research.

Active engagement – holding those in charge of investee companies to account and encouraging companies to commit to net zero carbon emissions by 2050 in alignment with the Paris Agreement.

PERFORMANCE	1 Mth	3 Mth	1 Yr	3 Yr p.a	Since Inception
Devon Global Impact Bond Fund	0.5%	-1.3%	2.8%	3.9%	1.6%
Bloomberg Global Aggregate Index Hedged NZD	0.5%	-1.3%	2.3%	3.5%	1.5%

PERFORMANCE	1 Mth	3 Mth	1 Yr	3 Yr p.a	Since Inception
Devon Global Sustainability Fund	4.0%	4.9%	13.5%	14.3%	11.3%
MSCI All Country World Index in NZD, 50% hedged to NZD	4.3%	7.4%	29.3%	21.9%	15.3%

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

KEY HOLDINGS*



*Key Holdings as at 31 May 2026

Please note that monthly reports will be produced for the Devon Global Impact Bond Fund and Devon Global Sustainability Fund later this month. These reports will include data on top holdings, performance, asset allocation, and fund commentaries. These reports will be sent out separately from those for Devon's other retail funds each month and will be available on the Devon Funds website.

DEVON FUNDS.

www.devonfunds.co.nz



ARTESIAN GREEN AND SUSTAINABLE BOND FUND (NZD)

FUND OUTLINE

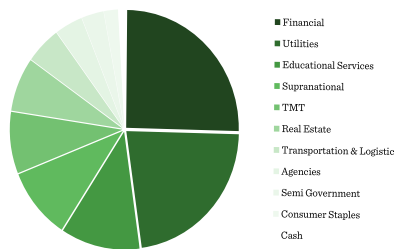
The **Artesian Green and Sustainable Bond Fund (NZD)** offers New Zealand-based investors a Portfolio Investment Entity (PIE) vehicle through which to invest in the Artesian Green and Sustainable Bond Fund (AUD).

Through this structure, the Fund will invest in a diversified portfolio of liquid, predominately investment grade fixed and floating rate green and sustainable bonds. Artesian are committed to integrating ESG into their investment processes, with a focus on responsible investment.

KEY HOLDINGS



ASSET ALLOCATION



ALLOCATION

Artesian Green & Sustainable Bond Fund (NZD)	98.3%	Cash	1.7%
Currency Hedge (100% to NZD)	99.6%	Total	100.0%

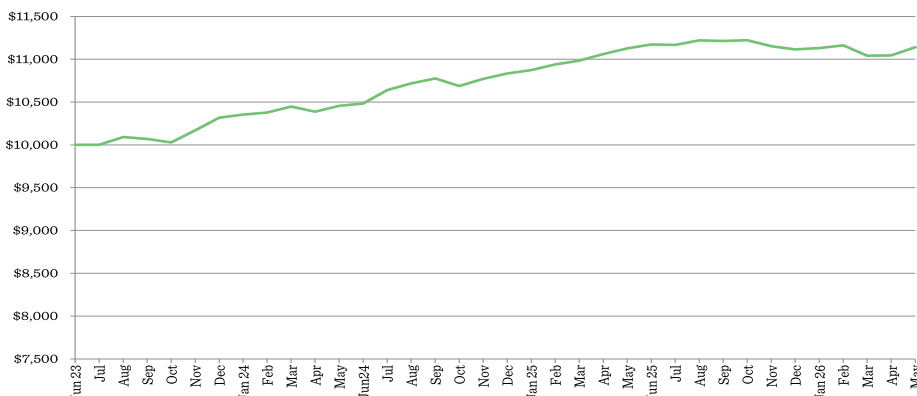
PERFORMANCE

	1 Mth	3 Mth	1 Yr	2 Yr	Since Inception
Artesian Green & Sustainable Bond Fund (NZD)*	0.87%	-0.20%	0.12%	3.22%	4.00%
Artesian Green & 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 & Sustainable Bond Fund (NZD) returns are after all fees and expenses, but before tax which varies by investor.
 **Artesian Green & Sustainable Bond Fund (NZD) returns are after all fees and expenses, but before tax which varies by investor and inclusive of tax credits. The Fund invests in an underlying Australian Unit Trust (AUT) which is required to distribute all income. Tax on these distributions is withheld at fund level but investors receive a tax credit for this amount. As such, the Zero PIR return is a reasonable basis for comparing performance between the NZD Fund and its AUT alternative.

NET PERFORMANCE

Based on \$10,000 invested at 30 June 2023



NOTE: Further information on the Artesian Green Fund can be found in our Quarterly Fund Updates by visiting <https://devonfunds.co.nz/artesian-green-and-sustainable-bond-fund-nzd> or by clicking [HERE](#)

COMMENTARY

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 last year, meaning 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.

PORTFOLIO MANAGER

David Gallagher

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

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





ARTESIAN SHORT DURATION CORPORATE BOND FUND (NZD)

FUND OUTLINE

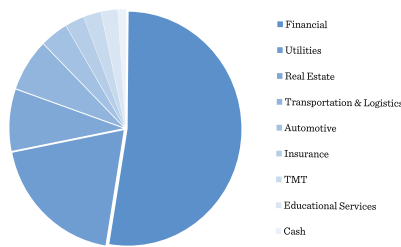
The Artesian Short Duration Corporate Bond Fund (NZD) offers New Zealand-based investors a Portfolio Investment Entity (PIE) vehicle through which to invest in the Artesian Corporate Bond Fund (AUD).

Through this structure, the Fund will invest in a diversified portfolio of liquid, predominately investment grade fixed and floating rate corporate bonds. It is an actively managed absolute return fund that aims to achieve consistent returns above the benchmark.

KEY HOLDINGS



ASSET ALLOCATION



ALLOCATION

Table with 2 columns: Allocation Category and Percentage. Rows include Artesian Short Duration Corporate Bond Fund (NZD) at 95.5% and Cash at 4.5%.

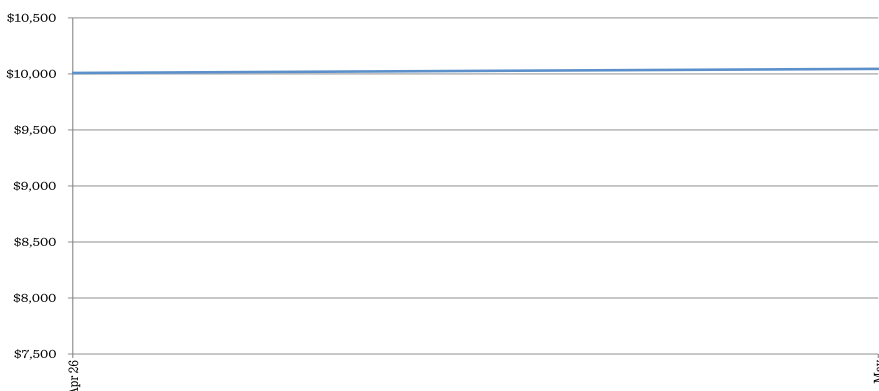
PERFORMANCE

Table with 6 columns: Fund Name, 1 Mth, 3 Mth, 1 Yr, 2 Yr, Since Inception. Rows include Artesian Short Duration Corporate Bond Fund (NZD)* and Bloomberg AusBond Composite 0-3 Yr Index 100% Hedged to NZD.

*Artesian Short Duration Corporate Bond Fund (NZD) returns are after all fees and expenses, but before tax which varies by investor. **Artesian Short Duration Corporate Bond Fund (NZD) returns are after all fees and expenses, but before tax which varies by investor and inclusive of tax credits.

NET PERFORMANCE

Based on \$10,000 invested at 30 April 2026



NOTE: Further information on the Artesian Short Duration Fund can be found in our Quarterly Fund Updates by visiting https://devonfunds.co.nz/artesian-short-duration-corporate-bond-fund-nzd or by clicking HERE

COMMENTARY

The Fund's underperformance versus benchmark in May was driven by the overweight credit duration positioning (credit spreads were higher/wider) and underweight interest rate duration positioning (interest rates were lower/tighter).

Outperformance in May came from the Fund's positions in National Australia Bank, HSBC Holdings, Investa Commercial Property Fund (Green), Caixabank SA and BPCE SA. Underperformance came from the Fund's positions in Commonwealth Bank of Australia, ENBW, Westpac, Contact Energy and AGI Finance.

PORTFOLIO MANAGER

David Gallagher

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