

AI's Power Surge: How Australasia and the US are Electrifying the Future

Electricity demand is rising rapidly in many countries. This is being driven in part by surging data centre expansions, broad industrial electrification, growth in electric vehicles, and the rapid integration of artificial intelligence into nearly every sector. The US is experiencing a significant movement in electricity demand, with the same drivers applying to Australasia too. Increasing total power consumption is an important driver behind our local Gentailer companies, as it helps underwrite new generation and provides support to the long run wholesale power price.

The US is experiencing a far steeper growth curve than our part of the world. Some forecasts indicate a 25% increase in electricity demand by 2030 and more than three times that by 2050 compared to 2023 levels. This marks a sharp departure from the near-stagnant growth that characterised the previous couple of decades. In the US, electricity demand growth is being accentuated by their massive data centre construction, industrial onshoring on manufacturing capacity, and the electrification of transport modes. As result, most analysts forecast around 890 to 1,300 TWh of additional new demand in just ten years.

Data centres, now responsible for up to 4% of US electricity consumption, are expected to double that share to 8% by 2035, largely due to AI adoption and generative AI workloads.

While on a smaller scale, Australasia is witnessing tangible, ongoing growth in underlying electricity demand. Australia's National Electricity Market (NEM) is setting new records in 2025. In the first quarter of 2025, the average underlying demand in the NEM hit 25,162 MW. This equates to a 1.4% increase on the prior year and a new seasonal record. Similar to other markets, New Zealand...[READ MORE](#)

MARKET INDICES

Index	Region	Monthly Return	1 Yr. Return
S&P/NZX 50G	NZ	2.8%	7.0%
S&P/ASX 200G	AUSTRALIA	-0.8%	10.6%
MSCI World Index	GLOBAL	3.3%	17.7%
S&P 500	USA	3.6%	17.6%
FTSE 100	UK	1.8%	17.5%
NIKKEI 225	JP	5.9%	20.8%
NZ 90 Day Bank Bill	NZ	0.3%	4.1%
Bloomberg Global Aggregate Index (NZD)	GLOBAL	0.6%	2.1%

Devon Funds Management Limited

Level 17, HSBC Tower, 188 Quay Street, Auckland 1010
PO Box 105 609, Auckland 1143
Telephone: 0800 944 049 (free call) or +649 925 3990
enquiries@devonfunds.co.nz

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AT A GLANCE

Prices as at 30 September 2025

DEVON ALPHA FUND	\$2.4122
DEVON AUSTRALIAN FUND	\$2.0308
DEVON DIVERSIFIED INCOME FUND	\$1.5344
DEVON DIVIDEND YIELD FUND	\$2.0659
DEVON GLOBAL IMPACT BOND FUND	\$1.3529
DEVON GLOBAL SUSTAINABILITY FUND	\$2.1524
DEVON TRANS-TASMAN FUND	\$5.2276
DEVON SUSTAINABILITY FUND	\$3.5007
ARTESIAN GREEN & SUSTAINABLE BOND FUND	\$1.0391

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DEVON ALPHA FUND

FUND OUTLINE

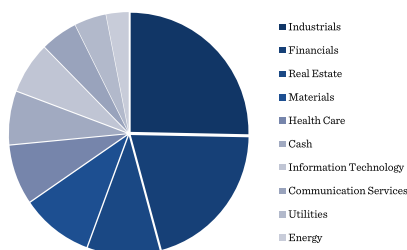
The **Alpha Fund** invests in a concentrated portfolio of approximately 10 to 15 select companies predominantly listed on the NZ and Australian share markets.

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	39.9%
Australian Equities	52.9%
Currency Hedge	99.6%

Cash	7.2%
Total	100.0%

PERFORMANCE

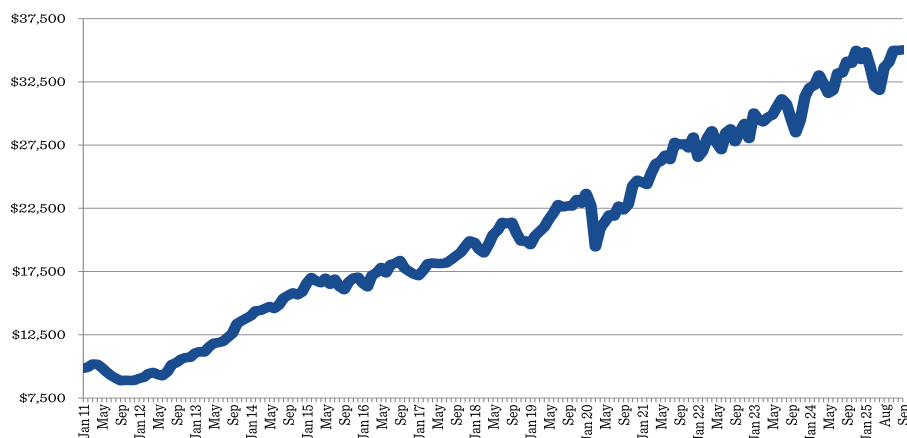
	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	10 Yr p.a
Devon Alpha Fund	0.1%	3.0%	2.7%	8.1%	9.4%	8.0%
OCR + 5%	0.7%	2.1%	9.1%	10.0%	6.3%	4.0%

*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 a small positive return during September as several of our key investments consolidated their recent performance. This pricing dynamic was most pronounced across our Australian exposures, whilst in New Zealand we enjoyed some strong returns. These included Freightways which rallied 15.1% and the Port of Tauranga which closed up 8.0%.

Infratil was also a positive, rallying 8.7%, after the company hosted an Investor Day in which they provided insights into their portfolio objectives going forward and highlighted that One NZ is executing well. They also discussed a positive outlook for their data centre business, CDC. Their constructive view on this business was supported by the announcement a few days later that they had successfully been awarded another 100MW of new contracted capacity. Encouragingly, as we have moved into October, we have seen the resumption of upward price momentum for a number of our investments in Australia.

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.

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Level 17, HSBC Tower, 188 Quay Street, Auckland 1010
PO Box 105 609, Auckland 1143
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enquiries@devonfunds.co.nz

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DEVON TRANS-TASMAN FUND

FUND OUTLINE

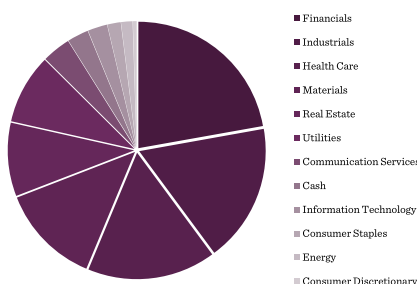
The **Trans-Tasman Fund** provides a broad and actively managed exposure to the New Zealand and Australian equity markets.

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

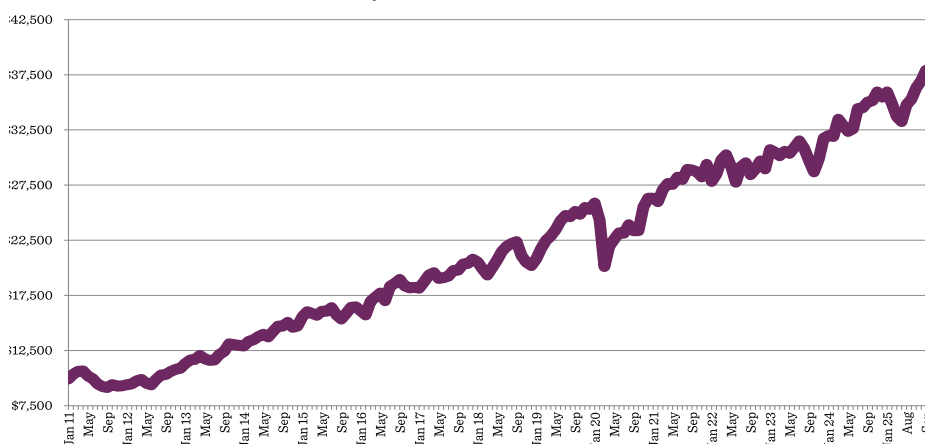
New Zealand Equities	48.0%	Cash	6.6%
Australian Equities	45.4%	Total	100.0%

PERFORMANCE	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	10 Yr p.a
Devon Trans-Tasman Fund	2.5%	7.4%	8.2%	10.0%	10.1%	9.1%
50:50 NZX50 Gross & ASX200 Index Unhedged	2.4%	8.1%	11.4%	10.8%	8.4%	9.8%

*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

The Trans-Tasman portfolio modestly outperformed its benchmark during September, while there were a number of positive contributors to our portfolio. Included amongst these was Newmont which finished up 15.8%. Other contributors included Freightways (+15.1%), Infratil (+8.7%) and Port of Tauranga (+8.0%). Key detractors included Amcor (-5.0%) and Goodman Group (-4.6%).

Our best performer over the month was Newmont which rallied strongly after the gold price lifted 12% to US\$3,800/oz, a new record high. Supportive factors include US dollar weakness, expectations for lower interest rates, central bank buying, geopolitical tensions and US domestic concerns. Other commodities that Newmont also produces, albeit in smaller quantities, are continuing to rally with silver +47% and copper +10% over the past 12 months. The company will deliver their Q3 result in October where the focus will be on meeting production guidance, cash flow and potential for additional buybacks given the robust gold price environment and significant levels of ongoing free cash flow.

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.

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PO Box 105 609, Auckland 1143
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enquiries@devonfunds.co.nz

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DEVON AUSTRALIAN FUND

FUND OUTLINE

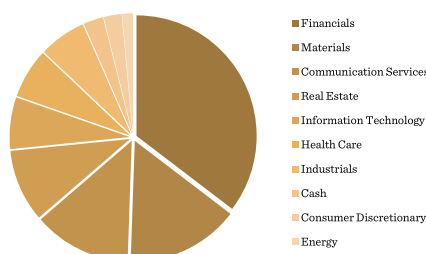
The **Australian Fund** invests in a select portfolio of companies, which are primarily Australian listed companies.

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	2.7%
Australian Equities	97.3%	Total	100.0%

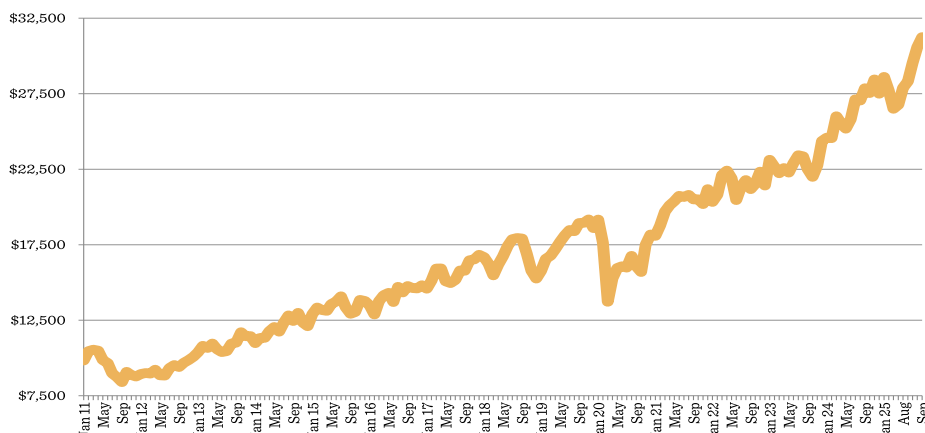
PERFORMANCE

	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	10 Yr p.a
Devon Australian Fund	2.2%	10.4%	12.1%	13.8%	14.2%	9.2%
ASX200 Index Gross (NZD)	2.1%	10.7%	15.7%	15.3%	14.2%	10.5%

*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

Stocks that performed well for the Fund during September included Capstone Copper (+20.5%), Newmont Corporation (+15.8%), and Aussie Broadband (+12.3%), while WiseTech Global (-11.2%), CAR Group (-8.0%), and Goodman Group (-4.6%) detracted from our returns.

Rio Tinto (+5.7%) was another notable contributor. The company recently announced a CEO transition, with the head of its iron ore division, Simon Trott, set to take over the reins. Rio Tinto is investing significantly into its copper business, with production growth of around 25% expected this calendar year. We believe this is highly favourable for the company, as the copper market is expected to tighten in the second half of the decade.

Rio Tinto is currently trading on a 13x price-to-earnings multiple, which we view as undemanding. We see that an opportunity exists for this valuation multiple to increase as the Rio Tinto management team simplifies the company strategy and delivers on iron ore and copper production growth.

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.

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PO Box 105 609, Auckland 1143
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DEVON DIVIDEND YIELD FUND

FUND OUTLINE

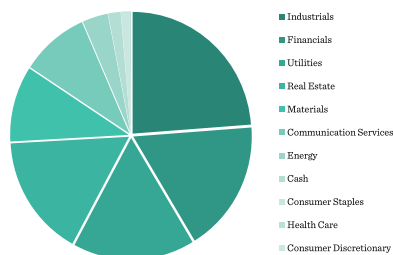
The **Devon Dividend Yield Fund** invests in a carefully selected portfolio of New Zealand and Australian listed companies.

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	63.0%	Cash	1.7%
Australian Equities	35.3%	Total	100.0%
Currency Hedge	97.8%	Yield	5.4%

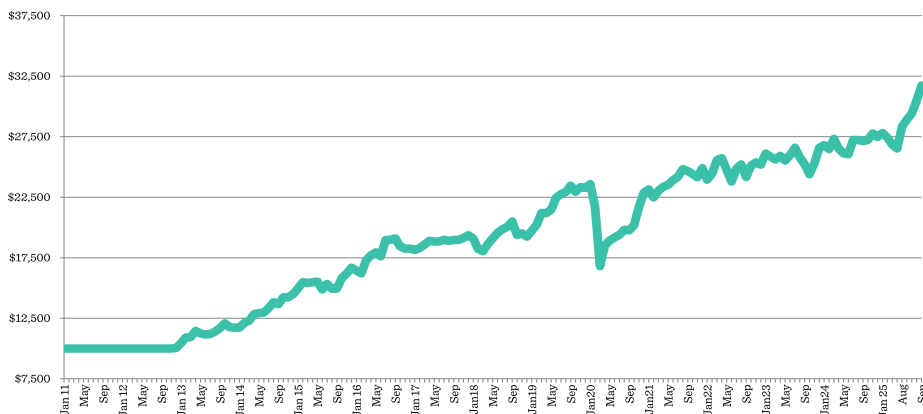
PERFORMANCE

	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	Since Inception
Devon Dividend Yield Fund	4.0%	9.7%	16.9%	9.5%	10.0%	9.5%
50:50 NZX50 & ASX200 Index Gross	1.0%	5.1%	8.8%	10.7%	7.7%	10.1%

*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

The Dividend Yield strategy offers investors a forecasted annual gross yield of 5.4%, which is also expected to grow well ahead of inflation over the next three years. Top performers during September were Freightways (+15.1%), Scales (+12.7%), and Channel Infrastructure (+12.3%). Meanwhile, key detractors were Macquarie (-2.6%), GPT (-3.8%), and Orica (-3.8%).

Freightways is a transport business operating across Australasia, and it embodies everything we look for in an investment. They operate in an established, largely two-player market, which is rational and experiencing price increases. Freightways' superior service sponsors steady market share opportunities with low capital intensity. Their return on invested capital has consistently been above their cost of capital over the last twenty-plus years. The Board is reputable and aligned with shareholders. The management team has been steady and shown great discipline with capital deployment. We are excited to see what Freightways can achieve over the next five years.

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 Management Limited

Level 17, HSBC Tower, 188 Quay Street, Auckland 1010
PO Box 105 609, Auckland 1143
Telephone: 0800 944 049 (free call) or +649 925 3990
enquiries@devonfunds.co.nz

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DEVON DIVERSIFIED INCOME FUND

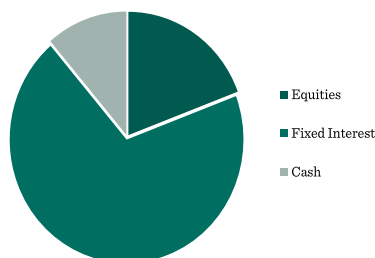
FUND OUTLINE

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	17.4%
Australian Equities	9.7%
Bonds	62.7%
Cash	10.2%

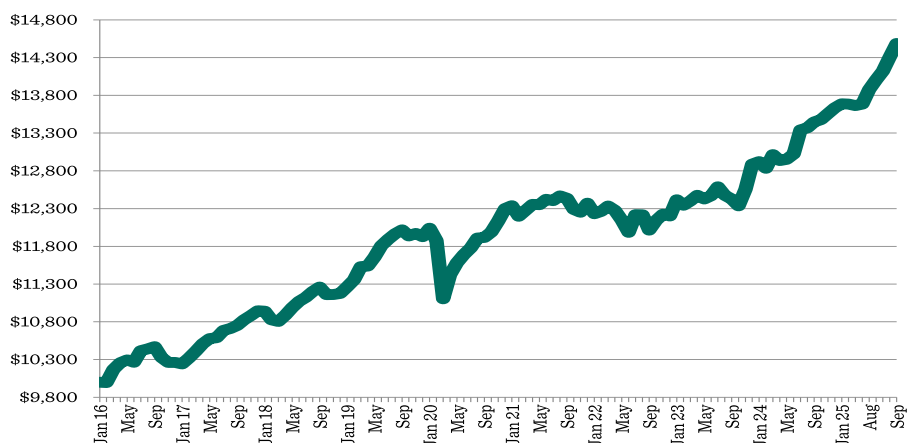
PERFORMANCE

	1 Mth	3 Mth	1 Yr	3 Yr p.a	5 Yr p.a	Since Inception
Devon Diversified Income Fund	1.2%	3.4%	7.7%	6.5%	4.0%	4.0%
75% BB Composite 0-5yr Index, 25% 50:50 Composite NZX50 Gross and ASX 200 Index hedged to NZD	0.2%	1.6%	5.8%	6.5%	4.8%	2.9%

*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](#)

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PO Box 105 609, Auckland 1143
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COMMENTARY

Global bonds rallied during the month with the yield on US 10-year Treasuries closing at 4.15% (they had started the month at 4.23%). The US Federal Reserve cut interest rates in September by 0.25% to a range of 4.00% - 4.25%. This was the first cut that they had announced since December last year, and they are now at the lowest level since November 2022. The commentary provided by Jerome Powell around this decision identified that despite ongoing concerns around the potential inflation impact of Trump's tariffs, "job gains have slowed and the downside risk to unemployment has risen". In Australia, the RBA left their rates on hold at 3.60%, having already lowered them on three occasions this year. This positioning came on the back of recent monthly inflation data, which at 3%, was higher than economists had expected. The RBNZ meets in early October, with many commentators calling for a cut of 0.50%.

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.

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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

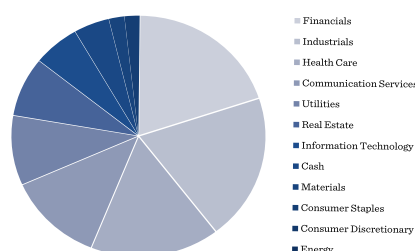
Freightways

seek

Port of Tauranga

Aussie Broadband

ASSET ALLOCATION



ALLOCATION

New Zealand Equities	50.9%	Cash	4.5%
Australian Equities	44.6%	Total	100.0%

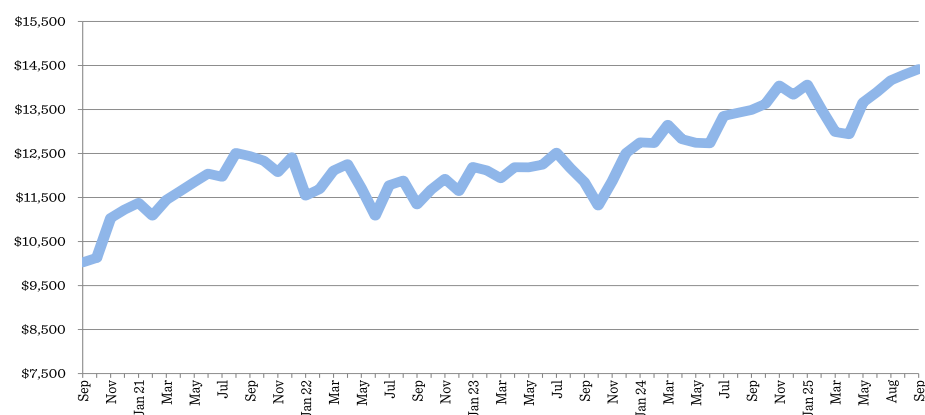
PERFORMANCE

	1 Mth	3 Mth	1 Yr p.a	3 Yr p.a	Since Inception
Devon Sustainability Fund	0.8%	3.8%	6.9%	8.3%	7.4%
50:50 NZX50 Portfolio Index & ASX200 Index	1.1%	5.8%	9.9%	10.2%	7.9%

*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-fund> or by clicking [HERE](#)

COMMENTARY

The top performers for the Sustainability Fund included Freightways Group (+15.1%), which has been one of the Fund's largest positions for some time. Aussie Broadband (+12.3%) also had another strong month, as the market continues to gain a better understanding of the company's recent wholesale contract win with More Telecom. Vulcan Steel (+10.8%) also performed well after successfully completing its capital raise to acquire Roofing Industries, announced at the end of August. The Fund participated in the raise at an attractive price.

Weighing on performance were Ebos Group (-6.6%) and CAR Group (-8.0%). Investors appeared to be taking profits in CAR Group after a strong result in August; as a result, we took the opportunity to add to our position.

Infratil (+8.7%) held an investor day in Sydney during the month, which we attended. The company did a good job outlining its capital allocation framework and how it remains disciplined in deploying capital into investments with the right risk-reward characteristics.

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.

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Level 17, HSBC Tower, 188 Quay Street, Auckland 1010
PO Box 105 609, Auckland 1143
Telephone: 0800 944 049 (free call) or +649 925 3990
enquiries@devonfunds.co.nz

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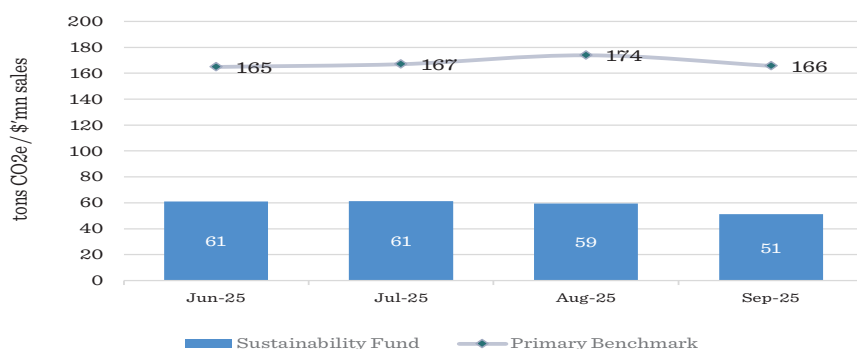
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DEVON SUSTAINABILITY FUND

CARBON INTENSITY - PORTFOLIO VS BENCHMARK

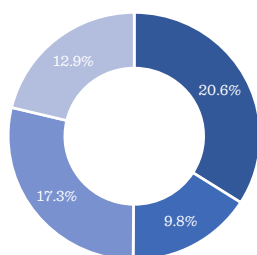
Carbon Intensity - Portfolio vs Benchmark



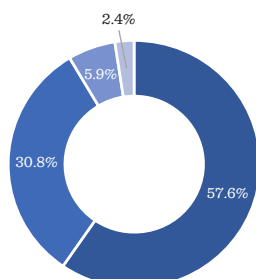
PORTFOLIO CARBON EMISSIONS BY KEY SECTORS

Portfolio Carbon Emissions by Key Sectors

Portfolio value by sector



Portfolio carbon emission by sector



The industrials, utilities, health care and communications services sectors make up 60.6% of the portfolio by value, but they account for 96.7% of the carbon emissions in the portfolio.

ESG PORTFOLIO SUMMARY

	MSCI ESG Ratings	MSCI ESG Quality score	Portfolio
Portfolio	AA	7.64	Sustainability Fund
Benchmark	AA	7.46	50:50 composite S&P/NZX50 Portfolio Index & S&P/ASX200G Index

PERFORMANCE

	1 Mth	3 Mth	6 Mth	1 Yr	Since Inception
ESG relative performance	2.4%	1.8%	2.1%	3.0%	5.4%

*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	88.6%
% of companies committed to Net Zero	68.2%
% of companies committed to Carbon Neutral	15.9%
% of companies with no commitment to either	15.9%

STEWARDSHIP

The Responsible Investment Association Australasia (RIAA) hosted its New Zealand conference during September. The conference brought together hundreds of people working within the finance sector and included international guest speakers alongside local thought leaders and politicians. Amongst keynote speakers and various panels were workshops that focused on the real-world application of some of the big themes being discussed.

One of these workshops focussed on stewardship with a focus on human rights. Participants were provided a company case study with issues such as AI ethics, conflict zones and data privacy, and they ultimately had to come up with an engagement strategy as investors. What came through during this session was how interconnected human rights risks are, often not exclusively existing in isolation. The session underscored that as with climate change, addressing human rights risks requires a systematic approach built on transparency, due diligence, and meaningful remediation. This is important for investors to keep in mind as we navigate increasingly complex risks.

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.



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Level 17, HSBC Tower, 188 Quay Street, Auckland 1010
 PO Box 105 609, Auckland 1143
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DEVON GLOBAL IMPACT BOND FUND

DURATION

Contribution to Duration (Years)			
Sector	Account	Benchmark	Difference
Cash & Cash Equivalents	-0.00	-0.00	-0.00
US Government	0.81	1.09	-0.29
Credit*	4.44	4.56	-0.12
Asset Backed Securities	0.04	0.01	0.03
Mortgage Backed	0.83	0.54	0.29
Commercial Mortgage	0.02	0.02	-0.00
Other	0.01	0.09	-0.08
Cash Offset	-	-	-
	6.14	6.30	-0.17

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

Percent of Market Value			
Quality	Account	Benchmark	Difference
Cash	-6.53	0.36	-6.89
AAA	35.44	11.99	23.45
AA	37.57	42.63	-5.06
A	8.73	30.77	-22.04
BBB	15.72	13.97	1.75
BB	5.59	0.01	5.58
B	3.47	-	3.47
Below B	0.23	-	0.23
Cash Offset	-1.35	-	-1.35
Not Rated	1.12	0.26	0.86
	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 30 September 2025

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 define 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	0.7%	1.2%	2.1%	5.0%	1.7%
Bloomberg Global Aggregate Index Hedged NZD	0.6%	0.9%	2.0%	4.6%	1.6%
PERFORMANCE	1 Mth	3 Mth	1 Yr	3 Yr p.a	Since Inception
Devon Global Sustainability Fund	2.0%	3.6%	7.5%	16.7%	10.8%
MSCI All Country World Index in NZD, 50% hedged to NZD	4.5%	10.2%	22.5%	21.9%	14.3%

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

KEY HOLDINGS*



*Key Holdings as at 30 September 2025

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 Management Limited

Level 17, HSBC Tower, 188 Quay Street, Auckland 1010
PO Box 105 609, Auckland 1143
Telephone: 0800 944 049 (free call) or +649 925 3990
enquiries@devonfunds.co.nz

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www.devonfunds.co.nz



ARTESIAN GREEN AND SUSTAINABLE BOND FUND (NZD)

FUND OUTLINE

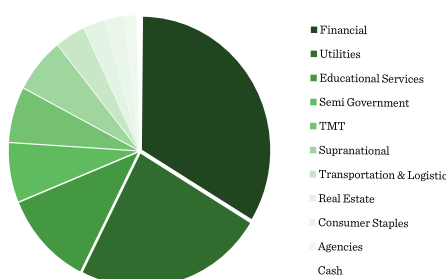
The **Artesian Green and Sustainable Bond Fund (NZD)** offers New Zealand-based investors a Portfolio Investment Entity (PIE) vehicle through which to invest in the Artesian Green and Sustainable Bond Fund (AUD).

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)	97.5%	Cash	2.5%
Currency Hedge (100% to NZD)	99.0%	Total	100.0%

PERFORMANCE

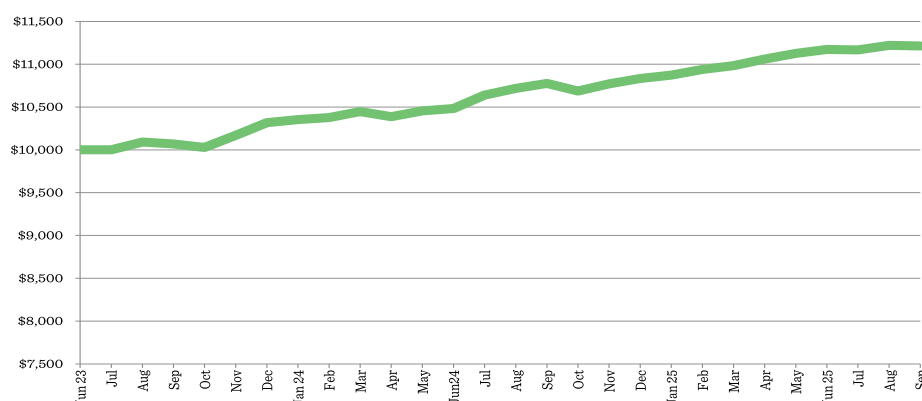
	1 Mth	3 Mth	1 Yr	2 Yr	Since Inception
Artesian Green & Sustainable Bond Fund (NZD)*	-0.06%	0.38%	4.07%	5.53%	5.50%
Artesian Green & Sustainable Bond Fund PIR Return (NZD)**	-0.06%	0.65%	4.67%	6.04%	5.95%
Bloomberg AusBond Composite 0-5 Yr Index 100% Hedged to NZD	-0.10%	0.22%	3.82%	5.29%	5.26%

*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](#)

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COMMENTARY

The Fund's underperformance versus benchmark in September was driven by the overweight interest rate duration positioning (interest were higher/wider). The Fund's running yield of 4.33% versus the benchmark's 3.76% helped to lessen the underperformance versus benchmark.

Outperformance in September came from the Fund's positions in Mirvac (Green), Korea Housing & Finance Corporation (Social), Macquarie University (Sustainable) and Optus (Sustainability-Linked). Underperformance came from the Fund's positions in ENBW (Green), New South Wales Treasury Corporation (Sustainable), Transpower (Green) and NBN (Green).

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.



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