DEVON FUNDS.

For the informed investor.

ARTESIAN GREEN AND SUSTAINABLE BOND FUND (NZD)

MONTHLY REPORT: FEBRUARY 2025

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 & 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 investing. Artesian has managed specialised funds focused on credit arbitrage and relative-value strategies across global financial markets since 2004 from its New York, London, Singapore, Shanghai, Melbourne and Sydney offices.

In this document, we refer to the Artesian Green & 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.

PERFORMANCE	1 Mth	3 Mth	1 Yr	Since Inception (p.a.)
Artesian Green & Sustainable Bond Fund (NZD)*	0.61%	1.58%	5.43%	5.92%
Artesian Green & Sustainable Bond Fund PIR Return (NZD)**	0.61%	1.68%	5.93%	6.29%
Bloomberg AusBond Composite 0-5 Yr Index 100% Hedged to NZD	0.49%	1.46%	5.02%	5.65%

*Artesian Green & 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 & 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.

PERFORMANCE of the Underlying Fund#	1 Mth	3 Mth	6 Mth	1 Yr	2 Yr	3 Yr	4 Yr	Since Inception (p.a.)
Gross Fund Return	0.69%	1.93%	2.57%	6.12%	5.81%	3.67%	2.57%	2.80%
Net Fund Return	0.65%	1.80%	2.31%	5.59%	5.29%	3.16%	2.06%	2.28%
Bloomberg AusBond Composite 0-5 Yr Index	0.51%	1.52%	1.85%	4.52%	4.22%	2.13%	1.15%	1.02%
Active Return (net Fund return - benchmark)	0.14%	0.28%	0.46%	1.07%	1.07%	1.03%	0.91%	1.26%

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 & Sustainable Bond Fund (AUD) is 25 September 2020.

PORTFOLIO UPDATE#

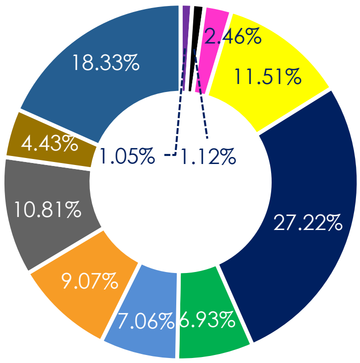
In February, global fixed income market volatility was driven by economic data releases, changing monetary policy expectations and evolving market dynamics. Government bond yields rallied MoM, largely due to weaker than expected data in the U.S. and tariff headlines. The ISM Manufacturing PMI fell to 50.3%, signalling a slowdown in the manufacturing sector. Adding to global trade uncertainty, the announcement of new tariffs on Mexico and Canada by President Trump further weighed on market sentiment. Reflecting recent market trends, the rally in US government bond yields led to a widening of US credit spreads. Locally, the Reserve Bank of Australia reduced the official cash rate from 4.35% to 4.10%, marking the first rate cut since November 2020. Despite this reduction, the RBA maintained a cautious stance regarding future rate cuts, expressing concerns about potential inflationary pressures.

The Underlying Fund's outperformance versus benchmark in February was driven by the overweight interest rate duration positioning (interest were lower/tighter). The Underlying Fund's running yield of 4.52% versus the benchmark's 4.02%, also contributed to the monthly outperformance versus benchmark.

Outperformance in February came from the Underlying Fund's positions in the Industrial Bank of Korea (Social), Mercury (Green), New South Wales Treasury Corporation (Sustainable), Optus (SLB) and QIC Shopping Centre Fund (Green). Underperformance came from the Underlying Fund's positions in Contact Energy (Green), ANZ (Sustainable), Power SA (Green), Mirvac (Green) and the University of Tasmania (Green).

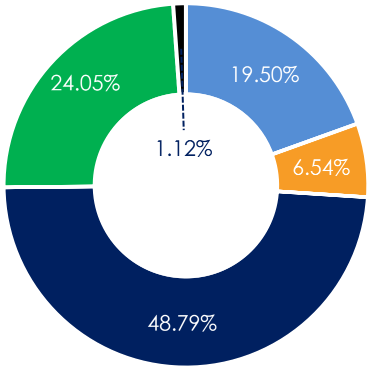
PORTFOLIO BREAKDOWN#

SECTOR BREAKDOWN



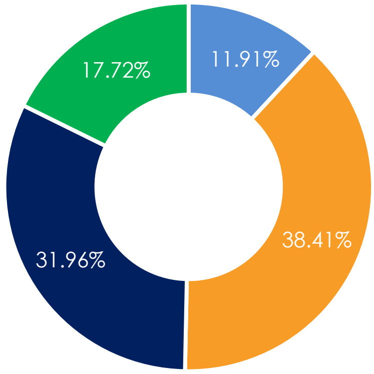
- Agencies
- Consumer Staples
- Financial
- Semi Government
- TMT
- Utilities
- Cash
- Educational Services
- Real Estate
- Supranational
- Transportation & Logistics

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#

Credit spreads showed mixed performance throughout February. Corporate bond spreads in Europe and Australia tightened by the end of the month, while their respective CDS indices finished slightly wider. This typically happens when investors choose to hedge their corporate bond holdings by buying CDS indices as insurance against spreads widening, rather than selling their corporate bonds outright. In the US, however, both corporate bond spreads and their respective CDS indices ended the month wider. Rising risks in the US, combined with elevated levels of primary market bond issuance, suggest that the path of least resistance for US credit spreads is to drift wider. The AUD primary issuance market is also incredibly active, but Artesian are seeing strong performance on most deals in the secondary market. Order books for new deals are significantly larger than the volume of bonds being issued, so investors continue to seek opportunities to increase their positions in the secondary market — providing a strong tailwind for credit spreads.

AS AT 28TH FEBRUARY 2025	PRICE	CHG ON MTH
ITRAXX AUSTRALIA 5YR	0.68%	0.02%
ITRAXX EUROPE 5YR	0.54%	0.01%
ITRAXX EUROPE XOVER 5YR	2.89%	0.01%
CDX US IG 5YR	0.49%	0.01%
CDX US HY 5YR	3.09%	0.08%

METRICS FOR THE UNDERLYING FUND#

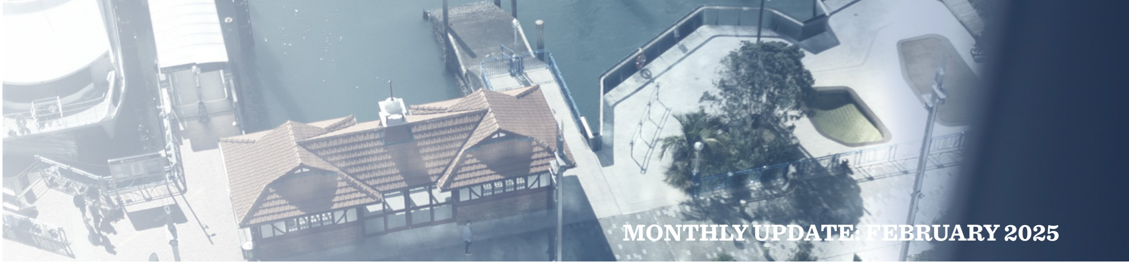
The Underlying Fund was active again in February, driven by the robust volume of the new issue market. The Underlying Fund's interest rate duration was increased in the middle of the month as Australian 3yr government bond yields approached 4%. Although the RBA implemented a rate cut in February, its accompanying statement conveyed a hawkish tone, indicating vigilance over inflation risks and a measured approach to any future monetary policy adjustments. The Underlying Fund's credit duration was maintained, as Artesian allocated new fund flows to a mix of longer and shorter dated corporate bonds. Now that the corporate reporting period has ended, Artesian expects to see elevated levels of primary issuance, which should bode well for the Underlying Fund. There are potentially four corporate AUD green bonds already in the pipeline for March.

AS AT 28TH FEBRUARY 2025	FUND	BENCH-MARK
INTEREST RATE DURATION	2.50	2.31
CREDIT DURATION	2.78	2.31
YIELD TO MATURITY	4.59%	4.02%
YIELD TO WORST	4.52%	4.02%
BLOOMBERG COMPOSITE RATING (weighted average)	A	AA+

*Using the Morningstar methodology for Average Credit Quality

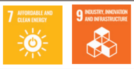
Devon Funds Management Limited
Level 17, HSBC Tower, 188 Quay Street, Auckland 1010
PO Box 105 609, Auckland 1143
Telephone: 0800 944 049 (free call) or +649 925 3990
enquiries@devonfunds.co.nz

DEVON FUNDS.
www.devonfunds.co.nz



Another impressive month for labelled bond issuance in the AUD market. Artesian recorded eight new deals from seven unique issuers for a total volume of AUD 4.6b.

ISSUER	Bond Type	Issue Date	Issue Size $M	Fixed/ Floating	Maturity
NBN	Green	27-Feb-25	750	Fixed	6-Mar-35

Issuer	
Currency	AUD
Sector	TMT
SDG Alignment	
Eligible Projects	**Energy efficiency:** Deployment of Australia's broadband network, using a more energy-efficient technology such as a fixed line fibre optic connection instead of legacy technology (i.e. copper), to lift the digital capability of Australia. **Renewable energy**: Purchasing renewable electricity to power the NBN network and infrastructure in line with their RE100 Commitment.

NBN released their first ever Sustainability Bond Framework to the market in February 2022. Since then, they have issued four green bonds in the AUD market and four green bonds in the EUR market. NBN are the largest Australian non-financial corporate issuer of labelled bonds in the market.

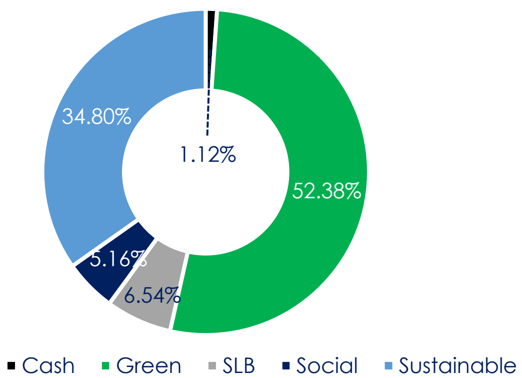
NBN also produce good quality annual impact reporting. In relation to this green bond issue, they are planning to disclose environmental impact metrics such as;

- Energy intensity
- Emissions intensity.

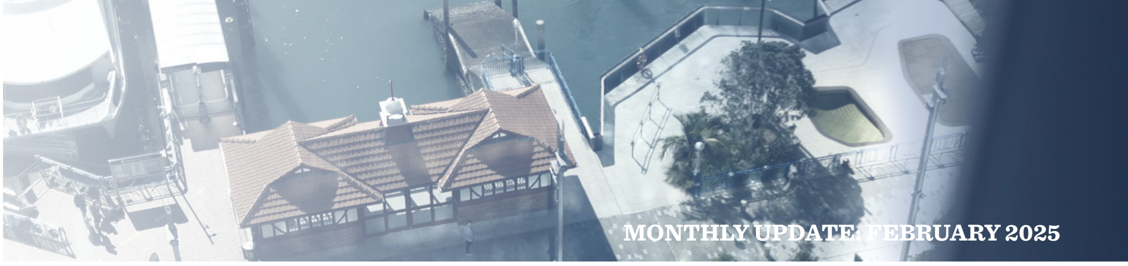
This will be published in their Sustainability Bond Report subject to the availability of information and confidentiality requirements.

GREEN, SUSTAINABLE AND SOCIAL HOLDINGS#

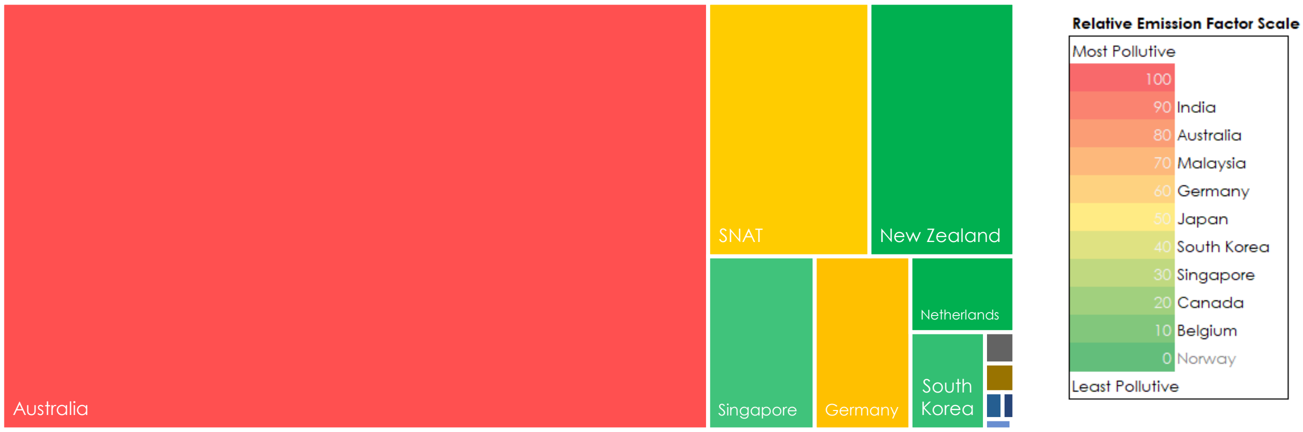
BOND TYPE



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



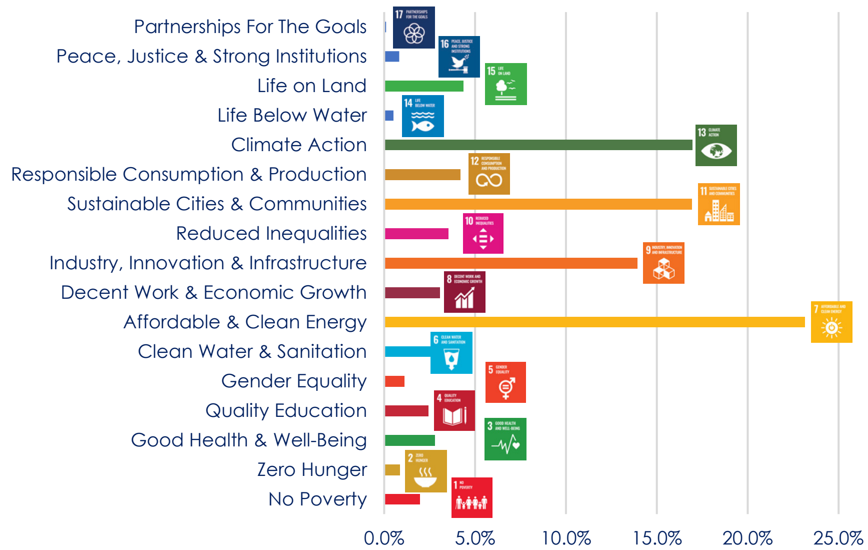
ALLOCATION OF FUNDS IN THE UNDERLYING FUND#



Source: Artesian, EIB; Relative Emission Factor is measured across 43 countries/regions; Oct 2022

The heatmap above shows which countries the Underlying Fund is allocating capital, 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 gCO2e/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 takes 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 57% of the Underlying Fund's targeted SDGs. The Fund currently supports 17 of the 17 SDGs.

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

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.

#In this document, we refer to the Artesian Green & Sustainable Bond Fund (AUD) as the Underlying Fund. In most sections of this document, the metrics shown are taken from the Underlying Fund. We have signalled these sections with an 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.

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