

MONTHLY UPDATE

Fund Objective: The Artesian Corporate Bond Fund (Fund) will invest in a diversified portfolio of liquid, predominately investment grade fixed and floating rate corporate bonds. The Fund aims to provide returns above the RBA cash rate +2.75% throughout all interest rate cycles. Note the target return is not a forecast. It is merely an indication of what the Fund aims to achieve over the medium term on the assumption that credit markets remain relatively stable throughout the investment timeframe. The Fund may not be successful in meeting the target return. Returns are not guaranteed.

A S AT 29 TH FEB 24	FUND PERFORMANCE - CLASS B UNITS								
	1 month	3 months	6 months	1 year	2 year (p.a.)	3 year (p.a.)	4 year (p.a.)	5 year (p.a.)	Since Inception (p.a.)
GROSS FUND RETURN	0.70%	2.54%	4.34%	7.91%	4.77%	3.35%	3.33%	3.70%	4.31%
NET FUND RETURN	0.64%	2.34%	3.95%	7.11%	3.99%	2.58%	2.56%	2.93%	3.53%
RBA CASH RATE	0.34%	1.07%	2.10%	4.07%	2.91%	1.97%	1.53%	1.43%	1.45%
ACTIVE RETURN (net Fund return - RBA cash rate)	0.30%	1.28%	1.85%	3.04%	1.07%	0.61%	1.03%	1.50%	2.08%

The 1m, 3m, 6m, 1yr, 2yr, 3yr, 4yr, 5yr and since inception net returns for Class A Units are 0.63%, 2.32%, 3.90%, 6.98%, 3.92%, 2.50%, 2.47%, 2.84% & 3.43% respectively. 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.

A S AT 29 TH FEB 24	OTHER BENCHMARK COMPARISONS								
	1 month	3 months	6 months	1 year	2 year (p.a.)	3 year (p.a.)	4 year (p.a.)	5 year (p.a.)	Since Inception (p.a.)
BLOOMBERG AUSBOND CREDIT FRN 0+ YR Index	0.53%	1.49%	2.71%	5.19%	3.65%	2.51%	2.28%	2.31%	2.48%
BLOOMBERG AUSBOND COMP 0-3 YR Index	0.15%	1.47%	2.15%	3.76%	1.49%	0.72%	0.84%	1.25%	1.58%

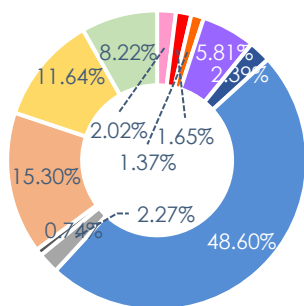
PORTFOLIO UPDATE

The positive tone to the AUD bond market continued in February, with non-financial corporates issuing considerable volume post earnings. Whilst almost all new deals traded tighter in the secondary market, there were signs of investor fatigue later in the month. As this is more technical than fundamental, we would expect credit to continue to perform once all of the 2024 issuance has had time to find a suitable home. Credit spreads continued to rally throughout the month, non-financials outperformed due to the pick-up in liquidity brought on by new issues. Non-financial issuers such as Perth Airport, Telstra and Region Retail Trust all issued longer dated (7yr to 10yr) bonds which also provided some much-needed diversification to the shorted dated financials we have had significant issuance of over the last couple of months.

Outperformance in February came from the Fund's positions in Telstra, QBE, Brisbane Airport and ANZ. The main contributors to underperformance in February were Coles, La Trobe University, Woolworths and the Australian Energy Market.

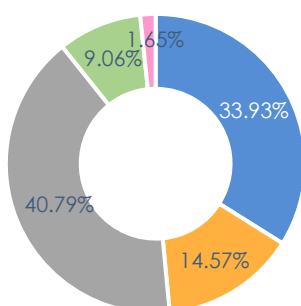
PORTFOLIO BREAKDOWN

SECTOR BREAKDOWN



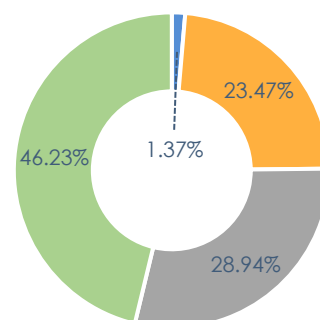
- Automotive
- Consumer Discretionary
- Educational Services
- Insurance
- TMT
- Utilities
- Cash
- Consumer Staples
- Financial
- Real Estate
- Transportation & Logistics

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 continued to rally in February, which considering the elevated levels of issuance is impressive. Major bank senior spreads were 3bps to 4bps tighter and at month end settled around 90bps, which makes them 10bps tighter YTD. Whilst we have seen some tightening on newly issued major bank subordinated bonds in 2024, the reality is that their existing curve is basically unchanged YTD. We see value in major bank subordinated bonds with a spread ratio of 2x senior spreads. In particular, we like major bank subordinated floating rate notes for their pick up in yield versus the same maturity fixed rate bonds. Floating rate notes continue to benefit from the highest level in BBSW we have seen since 2012, currently at 4.35%.

AS AT 29 TH FEBRUARY 24	PRICE	CHG ON MTH
ITRAXX AUSTRALIA 5YR	0.64%	-0.04%
ITRAXX EUROPE 5YR	0.55%	-0.05%
ITRAXX EUROPE XOVER 5YR	3.05%	-0.23%
CDX US IG 5YR	0.52%	-0.04%
CDX US HY 5YR	3.40%	-0.21%

FUND METRICS

The Fund exceeded its monthly volume record in January, which was surpassed again in February. The catalyst of the elevated levels in trading volume is due to the significant increase in activity in the primary market. The Fund's credit duration was lengthened in February to 4.07yrs, as we added some non-financial corporate new issues with 7yr to 10yr maturities. This also led to an increase in the Fund's running yield to 5.18%. The interest rate duration (IRD) was marginally lower MoM which now sits at 0.68yrs. 3yr government bond yields have traded in a tight range of 3.50% to 3.85% since the beginning of the year. With the RBA Cash Rate at 4.35%, 3yr yields look appropriately priced, hence the modest IRD positioning of the Fund at present.

AS AT 29 TH FEBRUARY 24	FUND	CHG ON MTH
INTEREST RATE DURATION	0.68	-0.13
CREDIT DURATION	4.07	0.30
YIELD TO MATURITY	5.25%	0.27%
YIELD TO WORST	5.18%	0.29%
BLOOMBERG COMPOSITE RATING (weighted average)*	A	A

*Using the Morningstar methodology for Average Credit Quality

NEW ISSUES

The positive start to the year for the AUD corporate bond market continued in February. We recorded 26 new deals from 16 unique issuers for a total volume of AUD 13.3b in issuance. Newcastle Greater Mutual Group's 5yr floating rate note rallied an impressive 22bps, which was February's best performer.

ISSUER	Issue Date	Issue Size \$M	Fixed/Floating	Maturity	Next Call	Credit Spread EFP/BBSW	Month End Bid Spread	Net Change
NATIONAL AUSTRALIA BANK	02-Feb-24	650	Fixed	9-Feb-34	9-Feb-29	2.22%	2.01%	-0.21%
VOLKSWAGEN	02-Feb-24	500	Fixed	09-Feb-27	-	1.85%	1.70%	-0.15%
NEWCASTLE GREATER MUTUAL GROUP	07-Feb-24	400	Floating	14-Feb-29	-	1.85%	1.63%	-0.22%

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