

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 31 <sup>ST</sup> MAR 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	0.77%	2.00%	4.80%	8.42%	5.68%	3.62%	4.32%	3.74%	4.37%
NET FUND RETURN	0.71%	1.81%	4.41%	7.61%	4.89%	2.85%	3.54%	2.97%	3.59%
RBA CASH RATE	0.36%	1.07%	2.13%	4.14%	3.09%	2.09%	1.61%	1.48%	1.48%
ACTIVE RETURN (net Fund return - RBA cash rate)	0.35%	0.75%	2.28%	3.47%	1.80%	0.76%	1.93%	1.49%	2.11%

The 1m, 3m, 6m, 1yr, 2yr, 3yr, 4yr, 5yr and since inception net returns for Class A Units are 0.69%, 1.78%, 4.34%, 7.47%, 4.82%, 2.76%, 3.45%, 2.87% & 3.48% 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 31 <sup>ST</sup> MAR 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	0.50%	1.48%	2.84%	5.44%	4.06%	2.68%	2.65%	2.33%	2.52%
BLOOMBERG AUSBOND COMP 0-3 YR Index	0.45%	0.97%	2.67%	3.02%	2.21%	0.87%	0.89%	1.23%	1.62%

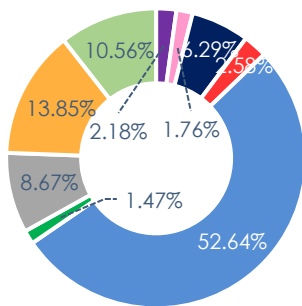
PORTFOLIO UPDATE

Another solid month of performance for the Fund in March, taking the 1yr net return to 7.61% (Class B Units). Credit spreads traded in a tight range and are largely unchanged MoM, with a mild widening bias. The primary market continues to issue record volumes which is putting some resistance against credit spreads drifting tighter for now. It was encouraging to see non-financial issuance continue in March; we saw well supported deals from Brisbane Airport, Stockland Trust, Aurizon Network, Victoria Power Networks, United Energy Distribution, Ausgrid and Nestle Capital Corporation.

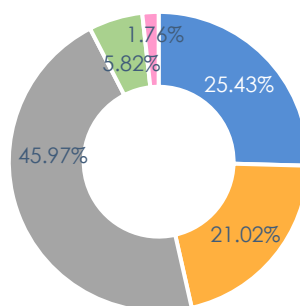
Outperformance in March came from the Fund's positions in HSBC Holdings PLC, Stockland Trust, BNP Paribas, Telstra, Mercury and National Australia Bank. The main contributors to underperformance in March were Optus Finance Pty, Contact Energy, Westconnex, Woolworths and Transurban.

PORTFOLIO BREAKDOWN

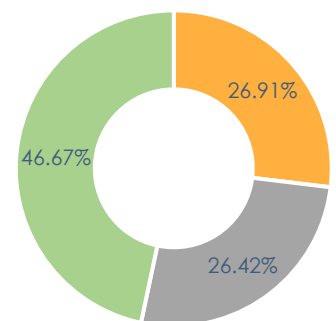
SECTOR BREAKDOWN



REGION & PRODUCT



CREDIT RATING



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

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

- AAA
- AA
- A
- BBB

## CREDIT SPREADS

Whilst there were pockets of outperformance in credit spreads of new bonds issued in March, credit spreads of existing deals drifted sideways or slightly wider. Major bank 5yr senior credit spreads were unchanged MoM at 90bps (10bps tighter YTD). Major bank 5yr call subordinated credit spreads were 5bps wider MoM at 185bps (10bps tighter YTD). Activity in longer dated corporate bonds has increased along with new issue volumes. Investors are keen to lock in elevated levels of outright yields in 5yr to 10yr maturities, which is leading to flatter credit curves. For the shorter dated maturities <5yrs, we are still very attracted to floating rate notes with BBSW still hovering around the RBA Cash Rate at 4.35%.

AS AT 31 <sup>ST</sup> MARCH 24	PRICE	CHG ON MTH
ITRAXX AUSTRALIA 5YR	0.64%	0.00%
ITRAXX EUROPE 5YR	0.54%	-0.01%
ITRAXX EUROPE XOVER 5YR	2.97%	-0.08%
CDX US IG 5YR	0.51%	-0.01%
CDX US HY 5YR	3.30%	-0.10%

## FUND METRICS

For the third month in a row this year, the Fund exceeded its monthly volume trading record since inception. The primary market was yet again very active with increased levels of supply being met by increased levels of demand. Brisbane Airport and Stockland Trust both issued 10yr bonds which led to an increase in the Fund's credit duration to 4.26yrs. The interest rate duration (IRD) was marginally higher MoM which now sits at 0.75yrs. 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 31 <sup>ST</sup> MARCH 24	FUND	CHG ON MTH
INTEREST RATE DURATION	0.75	0.07
CREDIT DURATION	4.26	0.19
YIELD TO MATURITY	5.13%	-0.12%
YIELD TO WORST	5.09%	-0.09%
BLOOMBERG COMPOSITE RATING (weighted average)*	A	A

\*Using the Morningstar methodology for Average Credit Quality

## NEW ISSUES

There was certainly no slow down in new issue volumes in March. We recorded 24 new deals from 17 unique issuers for a total volume of AUD 15.5b in issuance. HSBC's 5yr call date subordinated deals were this month's best performers, the floating rate note rallied a notable 30bps into month end.

ISSUER	Issue Date	Issue Size \$M	Fixed/Floating	Maturity	Next Call	Credit Spread EFP/BBSW	Month End Bid Spread	Net Change
STOCKLAND TRUST MANAGEMENT	05-Mar-24	400	Fixed	12-Sep-34	-	2.02%	1.90%	-0.12%
HSBC HOLDINGS PLC	14-Mar-24	850	Fixed	21-Mar-29	21-Mar-29	2.57%	2.36%	-0.21%
HSBC HOLDINGS PLC	14-Mar-24	650	Floating	21-Mar-29	21-Mar-29	2.50%	2.20%	-0.30%

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