

MONTHLY UPDATE

Fund Objective: The Artesian Green & Sustainable Bond Fund (Fund) will invest in a diversified portfolio of liquid, predominately investment grade fixed and floating rate green, sustainable and social corporate bonds. The Fund aims to provide returns above the Bloomberg AusBond Composite 0-5 Yr Index 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.

AS AT 31 ST OCT 2023	FUND PERFORMANCE						
	1 month	3 months	6 months	1 year	2 year	3 year	Since Inception (p.a.)
GROSS FUND RETURN	-0.40%	0.21%	-0.05%	3.87%	0.57%	0.40%	0.89%
NET FUND RETURN	-0.45%	0.08%	-0.30%	3.36%	0.07%	-0.10%	0.38%
BLOOMBERG AUSBOND COMPOSITE 0-5 YR Index	-0.50%	-0.18%	-1.16%	1.56%	-0.69%	-1.08%	-0.97%
ACTIVE RETURN (net Fund return - benchmark)	0.05%	0.27%	0.86%	1.80%	0.76%	0.97%	1.35%

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.

PORTFOLIO UPDATE

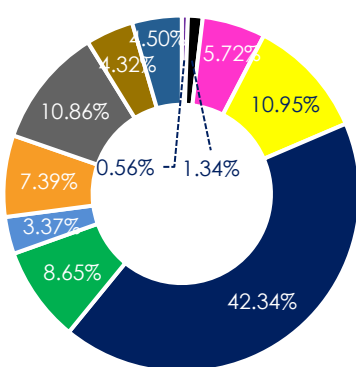
Bond yields continued to trend higher in October, tempered only by heightened geopolitical uncertainty. US 10yr Treasury yields pushed above 5% for the first time since 2007, which weighed on equity markets and other risk assets. Australian 10yr yields peaked at 4.94% on the last trading day of the month and will likely break through 5.00% in the not-too-distant future. Credit spreads drifted wider, but the AUD market did outperform versus the USD and EUR markets.

The Fund's outperformance versus benchmark in October was driven by the underweight interest rate duration positioning. The Fund's running yield of 5.52% versus the benchmark of 4.76%, also positively contributes to the outperformance on a monthly basis.

In October, the Fund's best performing positions were QIC Shopping Centre Fund (Green), Woolworths (Green & SLB), KFW (Green) and Asian Development Bank (Social). Underperformance came from the Fund's positions in Australian Postal Corporation (Sustainable), NBN (Green) and Australian & New Zealand Banking Group (Sustainable).

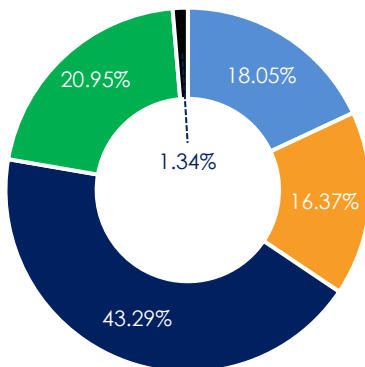
PORTFOLIO BREAKDOWN

SECTOR BREAKDOWN



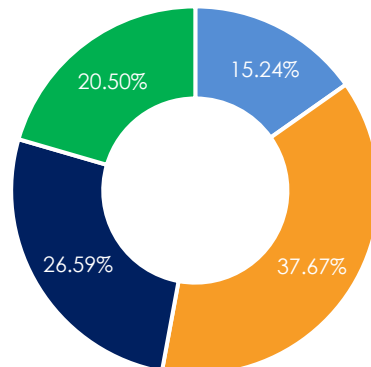
- Agencies
- Consumer Staples
- Financial
- Semi Government
- TMT
- Utilities
- Cash
- Educational Services
- Real Estate
- Supranational
- Transportation & Logistics

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

Consistent with the past couple of months, credit indices continue to drift wider. This month AUD investment grade corporate bond spreads also trended wider, in the range of +1bp to +5bps. The local market held up better than the USD and EUR market, which were +10bps to +15bps wider. We believe the AUD market will continue to be well supported, as investors continue to be attracted to the outright level of yields. For example, during the month the Port of Brisbane issued a 7yr fixed rate bond and Transurban Queensland issued a 6.5yr fixed rate bond, both yielding a respectable 6.4%. Floating rate notes are also luring investors, during the month IAG issued a subordinated bond with a 5yr call date yielding 6.85% (BBSW 4.35% + 2.50%).

AS AT 31 ST OCTOBER 2023	PRICE	CHG ON MTH
ITRAXX AUSTRALIA 5YR	0.97%	0.09%
ITRAXX EUROPE 5YR	0.86%	0.06%
ITRAXX EUROPE XOVER 5YR	4.50%	0.22%
CDX US IG 5YR	0.80%	0.06%
CDX US HY 5YR	5.17%	0.36%

FUND METRICS

The Fund was active throughout October. The spike in government bond yields looked like a good entry point to add some interest rate duration (IRD) from an underweight position relative to benchmark. The IRD was increased by 0.27yrs to 2.37yrs. The 3.00% to 4.00% range in 3yr Australian government bond yields has been re-racked higher and now looks more likely to oscillate between 3.50% to 4.50%. Whilst credit was a little softer in October, the market still feels relatively well bid, due to the outright yields available for investment grade issuers with sound credit fundamentals. Whilst the Fund has been active in primary and secondary markets, we have also been focused on retaining the average credit rating of A.

AS AT 31 ST OCTOBER 2023	FUND	BENCH-MARK
INTEREST RATE DURATION	2.37	2.49
CREDIT DURATION	3.06	2.49
YIELD TO MATURITY	5.55%	4.76%
YIELD TO WORST	5.52%	4.76%
BLOOMBERG COMPOSITE RATING (weighted average)	A	AA+

*Using the Morningstar methodology for Average Credit Quality

NEW ISSUES

October was a quiet month for AUD labelled bond new issuance. We recorded AUD 600m, all from the Sovereign, Supranational and Agency sector. Most volume was due to issuers tapping their existing bonds as opposed to issuing new bonds.

ISSUER	Bond Type	Issue Date	Issue Size \$M	Fixed/Floating	Maturity
AUSTRALIAN CATHOLIC UNIVERSITY	Sustainable	25-Jul-17	200	Fixed	3-Aug-27

Issuer	ACU AUSTRALIAN CATHOLIC UNIVERSITY
Currency	AUD
Sector	Educational Services
SDG Alignment	
Eligible Projects	The eligibility criteria includes expenditures that are related to: <ol style="list-style-type: none"> 1. Education and healthcare research conducted by institutes that aims to benefit vulnerable populations. 2. The financing or refinancing of buildings that have been designed and built with a minimum 5-star BGCA Green Star Design or As Built rating or meet the Low Carbon Buildings criteria of the Climate Bonds Standard (Green Buildings).

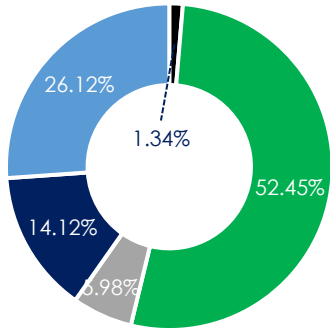
The Fund recently purchased the Australian Catholic University's sustainable bond in the secondary market. Issued a little more than 5yrs ago, the bond rarely hits the secondary market so we were quite pleased to add it to the Fund in October.

ACU has committed to not knowingly be involved in the financing of any projects or activities that meet the exclusionary criteria through the proceeds of ACU sustainable bonds. Excluded projects and activities include those related to alcohol, tobacco, gambling, adult entertainment, weapons and small arms, live cattle, whaling, predatory lending activities, palm oil and fossil fuels. The criteria also excludes the use of proceeds to fund large-scale hydro projects, transmission infrastructure & systems requiring over 25% fossil-fuel-generated electricity and animal testing for pharmaceutical products, medical devices and biotechnology.

GREEN, SUSTAINABLE & SOCIAL

CARBON ABATEMENT

BOND TYPE



■ Cash ■ Green ■ SLB ■ Social ■ Sustainable

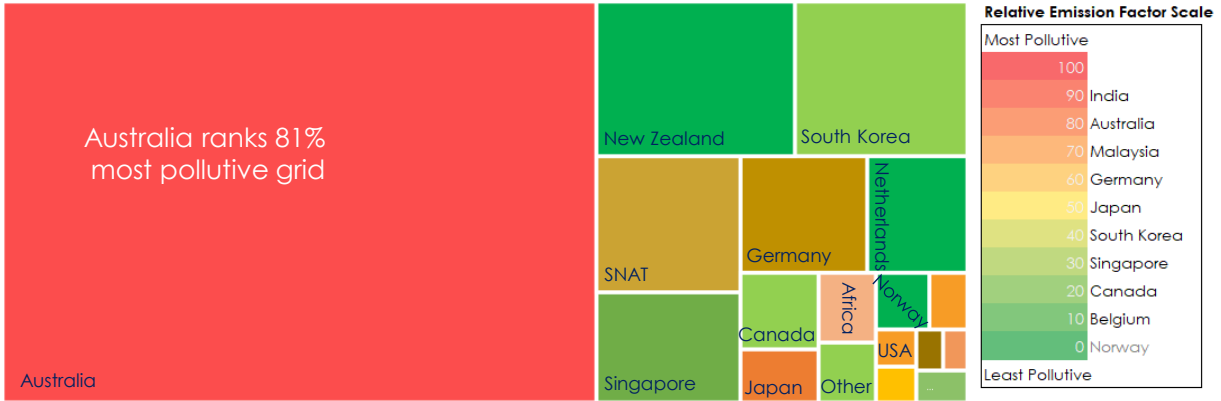
	Fund
October's estimated carbon abatement	2,746.2 tCO2e*
Since inception estimated carbon abatement ¹	59,250.5 tCO2e*
% of Fund used in this estimation	47%

One of the primary goals for the Fund is to report regularly on the impact that the bonds we have invested in are having on the environment. As issuers report their use of proceeds achievements, we update our records and this should also lead to a continual increase in the 47% of the Fund used to calculate the carbon abatement.



Equivalent to **27,775 cars**** off the road for a year, since fund inception

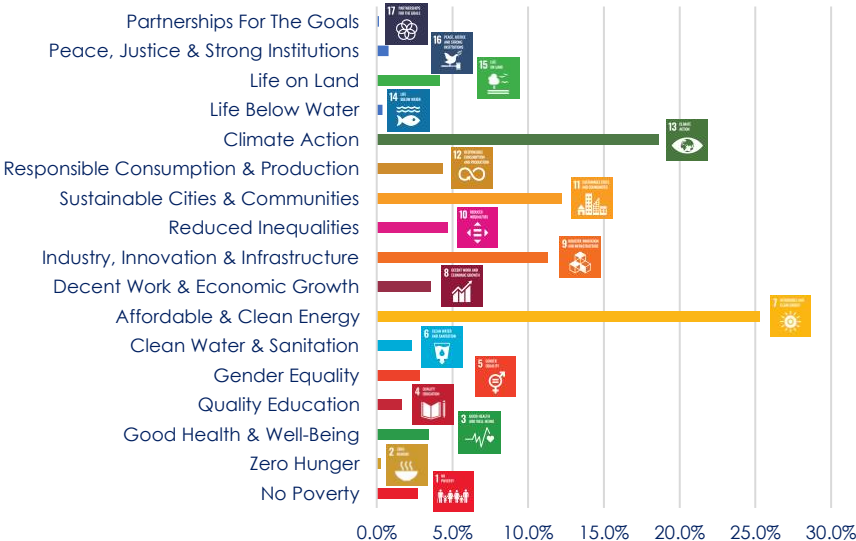
ALLOCATION OF FUNDS HEATMAP



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

The heatmap above shows which countries the Fund is allocating capital to, 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 Fund, we take 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 Fund is most aligned with Clean Energy, Climate Action and Sustainable Cities, making up 56% of the Fund's targeted SDGs. The Fund currently supports 17 of the 17 SDGs.

IMPACT SINCE INCEPTION

335,143



Trips made on clean & sustainable transportation.

12



Affordable housing dwellings financed.

53%



Fund bond issuers supporting TCFD.

101,762,598



Litres of water saved.

2,052



People provided with access to education.

19%



Fund bond issuers supporting PCAF.

7,693



Square metres of green energy efficient buildings financed.

100%



Female representation on board of Fund holdings.

88%



More than one female on board of Fund holdings.

46,858



People provided with access to water & sanitation.

166



Jobs created or preserved.

The figures above are not actuals they are estimates using pro rata calculations taken from issuers use of proceeds reports, done on a best-efforts basis.

NOTES

*We take a conservative approach to estimating the carbon abatement of our portfolio holdings. If we own a bond that has not yet produced a use of proceeds report or something similar, we don't report any carbon abatement whatsoever. For those issuers who have produced a use of proceeds report, we pro rata the Fund's allocation of the reported carbon abatement. We use the previously reported 12-month carbon abatement figures to project the following 12 months and update those as soon as a new report from the issuer is produced.

**As per the ABS's latest Survey of Motor Vehicle Use ([link](#) as of 20 Mar'19), Passenger Vehicles in Australia on average travelled 12,600km a year in 2018. As per NTC's latest emission intensity paper ([link](#); as of Jun'20), Passenger Vehicles in Australia on average had an emission intensity of 169g/km in 2019 (or 169.8g/km in 2018). As a result, we defined the carbon footprint of an average passenger vehicle in Australia as 2.14t CO2e per year being $[(169g/km \times 12,600km) / 1,000,000]$.

The impact metrics published in this document reflects 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.

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