



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 corporate 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
Artesian Green & Sustainable Bond Fund (NZD)*	0.25%	0.34%	5.51%	5.63%
Artesian Green & Sustainable Bond Fund PIR Return (NZD)**	0.25%	0.44%	5.75%	5.87%
Bloomberg AusBond Composite 0-5 Yr Index 100% Hedged to NZD	0.20%	0.09%	3.62%	5.35%

*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.

***Fund and benchmark performance figures as at 27th June

PERFORMANCE of the Underlying Fund#	1 Mth	3 Mth	6 Mth	1 Yr	2 Yr	3 Yr	Since Inception (p.a.)
Gross Fund Return	0.53%	0.68%	1.96%	6.12%	4.77%	1.52%	2.04%
Net Fund Return	0.49%	0.56%	1.71%	5.59%	4.25%	1.02%	1.52%
Bloomberg AusBond Composite 0-5 Yr Index	0.35%	0.06%	1.06%	4.38%	2.98%	0.20%	0.20%
Active Return (net Fund return - benchmark)	0.14%	0.50%	0.64%	1.21%	1.28%	0.82%	1.33%

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#

There is never a dull moment in financial markets. As inflation data around the globe (ex-Australia) continues to soften, the once ridiculed 'soft landing' looks like a plausible prospect for developed economies. In June, the Bank of Canada became the first G-7 central bank to ease policy when they lowered their cash rate by 0.25%. The ECB cut interest rates by 0.25% to 3.75%, its first reduction in five years. The UK became the first major economy to see inflation return to target, as prices rose 2.0% in the year to May. US core inflation reached a 3yr low of 2.6% in May, unemployment edged up to 4.0%, consumer confidence fell, and retail sales remained weak. So, if the US data continues to soften the Federal Reserve should be on course to start cutting rates later this year. Meanwhile in Australia, inflation remains stubborn and the decision to hold interest rates steady is not a straightforward one, with RBA members pondering both a hike and a hold.

The Underlying Fund's outperformance versus benchmark in June, was driven by the active positioning of the Underlying Fund's interest rate duration. The Underlying Fund's running yield of 5.07% versus the benchmark's 4.45%, also contributed to the monthly outperformance.

Outperformance in June came from the Underlying Fund's positions in the New South Wales Treasury Corporation (Sustainable), Industrial Bank of Korea (Green), QIC Finance Town Centre Fund (Green) and Optus (SLB). The main contributors to underperformance in June, were La Trobe University (Green), ETSA Utilities Finance (Green) and Contact Energy (Green).

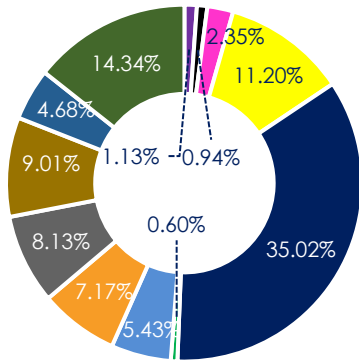
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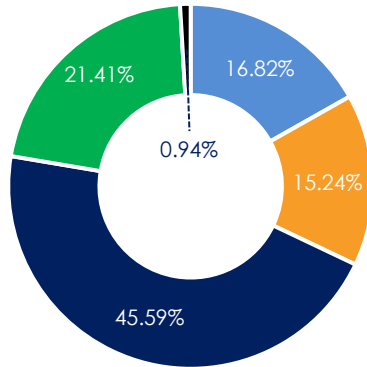
PORTFOLIO BREAKDOWN#

SECTOR BREAKDOWN



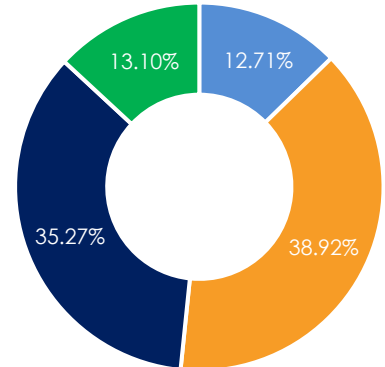
- Agencies
- Consumer Staples
- Financial
- Real Estate
- Supranational
- Transportation & Logistics
- Cash
- Educational Services
- Government
- Semi Government
- TMT
- Utilities

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 drifted wider in June, as global volatility increased in response to political uncertainty in France. EUR credit indices and cash bonds underperformed other developed markets such as USD and AUD markets. Particularly, European banks underperformed and Australian banks with EUR curves also widened in sympathy. In contrast, Australian banks in AUD were again range bound between 80bps to 90bps. ANZ issued a non-labelled 5yr senior bond at 86bps in June, which is the 4th major bank deal in 2024 that has been issued in the 80bps to 90bps range. Major bank Tier 2 subordinated spreads outperformed versus senior, closing -10bps tighter MoM. Although it feels like non-financial credit spreads have a mild widening bias at the moment, that is being abated by the lack of issuance due to seasonality factors associated with the end of financial year.

AS AT 30 TH JUNE 2024	PRICE	CHG ON MTH
ITRAXX AUSTRALIA 5YR	0.70%	0.05%
ITRAXX EUROPE 5YR	0.61%	0.08%
ITRAXX EUROPE XOVER 5YR	3.19%	0.23%
CDX US IG 5YR	0.53%	0.04%
CDX US HY 5YR	3.44%	0.11%

METRICS FOR THE UNDERLYING FUND#

Australian Government bond yields were mixed in June, 3yrs finished the month 5bps higher at 4.05% and 10yrs finished 6bps lower at 4.32%, resulting in a flatter yield curve. Although the outright MoM moves were mild, the intramonth moves were quite volatile. 3yr yields traded in a 38bp range and Artesian adjusted the interest rate duration (IRD) of the Underlying Fund throughout the range. The end result is Artesian is now slightly longer than the benchmark IRD. Whilst not a meaningful overweight position, it is the first time since inception Artesian have been longer than the benchmark two months in a row. This reflects Artesian's view on where we are in the current interest rate cycle. The stronger than expected economic data in June meant that 3m BBSW, which had been anchored to the cash rate in recent times at 4.35%, drifted higher and finished the month at 4.45%.

AS AT 30 TH JUNE 2024	FUND	BENCH-MARK
INTEREST RATE DURATION	2.73	2.42
CREDIT DURATION	2.79	2.42
YIELD TO MATURITY	5.11%	4.45%
YIELD TO WORST	5.07%	4.45%
BLOOMBERG COMPOSITE RATING (weighted average)	A	AA+

*Using the Morningstar methodology for Average Credit Quality










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Just the two new AUD labelled bond deals in June for a total volume of AUD 8.5b. It was great to see Australia join the sovereign green bond club, the AOFM deal is highlighted below.

ISSUER	Bond Type	Issue Date	Issue Size \$M	Fixed/Floating	Maturity
AUSTRALIAN OFFICE OF FINANCIAL MANAGEMENT	Green	4-June-24	7,000	Fixed	21-Jun-34

Issuer	 Australian Government Australian Office of Financial Management
Currency	AUD
Sector	Government
SDG Alignment	       
Eligible Projects	<ul style="list-style-type: none"> • Support green hydrogen industrial hubs • Electric vehicle charging infrastructure • Construction of low-carbon buildings • Support the recovery of Australia's unique plants • Invest to protect the health and resilience of the Great Barrier Reef • Recover environmental water for the Murray-Darling Basin • Support carbon sequestration on agricultural land

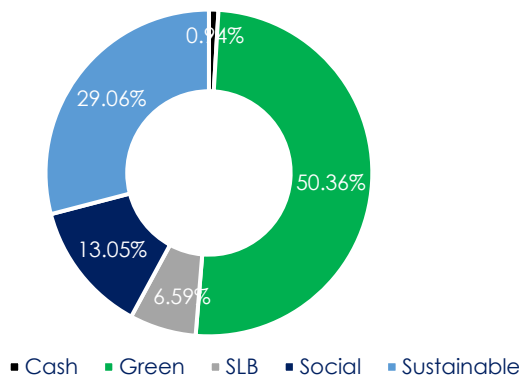
In June, the AOFM issued their much publicised first green bond. The final order book was more than AUD 23b. They priced the bond 2bps inside their existing curve, which is commonly referred to as a 'greenium'.

Some of the potential reported use of proceeds will include:

- Annual renewable energy generation in MWh/GWh (electricity)
- Annual GHG emissions reduced/avoided in tonnes of CO₂e
- Number of communities with access to battery storage
- Annual energy savings in MWh/GWh (electricity) and GJ/TJ (other energy savings)
- Passengers or passenger-kilometres of rail line for electric transport
- Number of new buildings that comply with green building standards

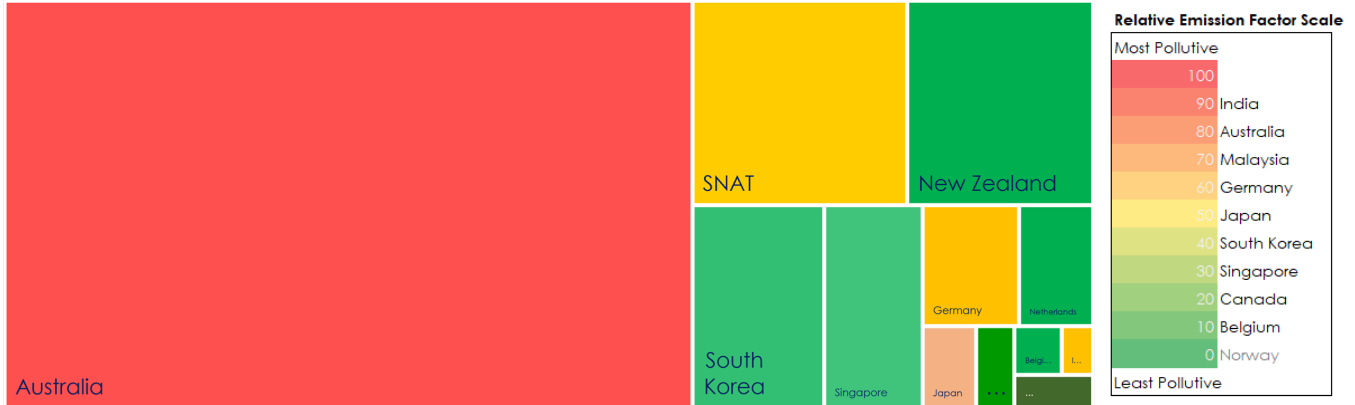
GREEN, SUSTAINABLE AND SOCIAL HOLDINGS#

BOND TYPE





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, 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 55% of the Underlying Fund's targeted SDGs. The Fund currently supports 17 of the 17 SDGs.



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.

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