

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 ST AUG 23	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	0.93%	2.13%	3.42%	6.52%	2.24%	2.76%	2.72%	3.18%	3.97%
NET FUND RETURN	0.86%	1.94%	3.04%	5.73%	1.48%	1.99%	1.96%	2.41%	3.19%
RBA CASH RATE	0.34%	1.01%	1.93%	3.36%	1.88%	1.29%	1.10%	1.16%	1.24%
ACTIVE RETURN (net Fund return - RBA cash rate)	0.52%	0.93%	1.10%	2.37%	-0.40%	0.70%	0.86%	1.25%	1.95%

The 1m, 3m, 6m, 1yr, 2yr, 3yr, 4yr, 5yr and since inception net returns for Class A Units are 0.85%, 1.88%, 2.97%, 5.60%, 1.41%, 1.92%, 1.87%, 2.31% & 3.09% 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 ST AUG 23	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	0.46%	1.34%	2.42%	4.38%	2.21%	1.81%	1.81%	2.05%	2.25%
BLOOMBERG AUSBOND COMP 0-3 YR Index	0.62%	0.59%	1.58%	2.61%	-0.12%	0.13%	0.48%	1.11%	1.37%

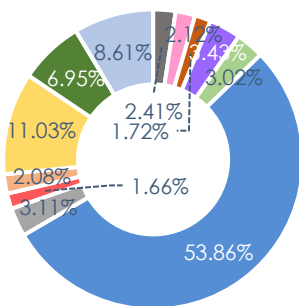
PORTFOLIO UPDATE

Another solid month of performance for the Fund in August. There was a notable pick up in volatility due to the renewed stress in the Chinese property market. Although the US was downgraded by Fitch to AA+, this had very little effect on the US or markets more generally. Government bond yields finished marginally higher in the long end of the curve, yet front end yields were unchanged leading to steeper yield curves. Credit spreads drifted marginally tighter and there was a notable spread compression on some corporate bonds issued throughout the month which aided returns.

August falls right after the Australian reporting season and therefore is usually one of the largest months of the year for new issuance, 2023 did not disappoint. Outperformance was achieved by the Fund's positions in La Trobe University, Natwest Markets, Challenger Life and Ausnet. Underperformance came from the Fund's positions in Australian Postal Corporation, Telstra, Westpac, Mercury and Computershare.

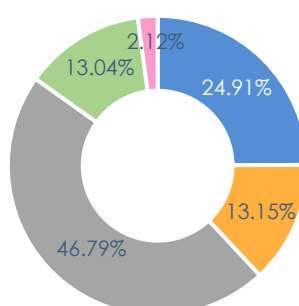
PORTFOLIO BREAKDOWN

SECTOR BREAKDOWN



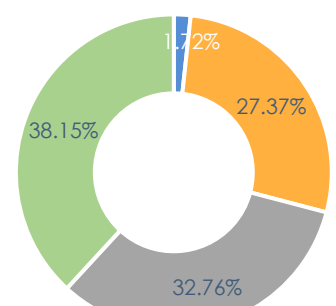
- Automotive
- Consumer Discretionary
- Educational Services
- Insurance
- Real Estate
- Transportation & Logistics
- Cash
- Consumer Staples
- Financial
- Machinery
- TMT
- Utilities

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

With the increased volatility, it was unsurprising to see credit indices drift wider as investors hedged their credit portfolios. AUD corporate bond spreads however, continued to grind tighter even though new issue volumes were elevated in August. To offset the outright volume of new issues, we witnessed corporates issuing 10bps to 30bps wider than their credit curve in the secondary market. The Fund was very active in the new issue market throughout August and remains well placed for these new deals to roll down the curve to fair value. The elevated levels of new issuance in primary markets has also led to increased volume being traded in secondary markets. Hence, the increased liquidity in the investment grade corporate bond market was notable.

AS AT 31 ST AUGUST 23	PRICE	CHG ON MTH
ITRAXX AUSTRALIA 5YR	0.78%	0.05%
ITRAXX EUROPE 5YR	0.70%	0.03%
ITRAXX EUROPE XOVER 5YR	3.96%	0.16%
CDX US IG 5YR	0.64%	0.01%
CDX US HY 5YR	4.25%	0.16%

FUND METRICS

In August we recorded the highest notional amount of bond trades since the Fund's inception. This resulted in the Fund's credit duration extending out 0.26yrs to 3.57yrs. The credit duration is still below the mandate target of 4yrs, which is consistent with our strategy of running a relatively benign beta portfolio with a very active alpha portfolio. Interest rate duration sits just below mandate target of 1yr at 0.94yrs. 3yr Australian Government bonds yields finished the month at 3.73%, which is 50bps lower than the 2023 high of 4.23% reached in July. We will continue to maintain the current interest rate duration until we drift lower towards our 3.00% target. Although we still favour floating rate notes (FRNs) in the shorter end of the curve, we reduced our overall FRN exposure to invest in some longer dated fixed rate bonds which looked cheap to our fair value models.

AS AT 31 ST AUGUST 23	FUND	CHG ON MTH
INTEREST RATE DURATION	0.94	0.03
CREDIT DURATION	3.57	0.26
YIELD TO MATURITY	5.26%	-0.02%
YIELD TO WORST	5.21%	-0.03%
BLOOMBERG COMPOSITE RATING (weighted average)*	A	A

*Using the Morningstar methodology for Average Credit Quality

NEW ISSUES

After the recent reporting season, we have seen the AUD new issue market come back to life with mammoth issuance in August. We recorded AUD 18.48b from 13 unique issuers, all financials excluding NBN's return to the green bond market.

ISSUER	Issue Date	Issue Size \$M	Fixed/Floating	Maturity	Next Call	Credit Spread EPF/BBSW	Month End Bid Spread	Net Change
COMMONWEALTH BANK OF AUSTRALIA	10-Aug-23	1,000	Fixed	17-Aug-28	-	1.24%	1.11%	-0.14%
NATWEST MARKETS	16-Aug-23	400	Fixed	23-Aug-28	-	2.01%	1.85%	-0.16%
NBN CO	16-Aug-23	850	Fixed	25-Aug-28	-	1.33%	1.27%	-0.06%

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