



ARTESIAN GREEN AND SUSTAINABLE BOND FUND (NZD)

MONTHLY REPORT: SEPTEMBER 2025

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 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	2 Yr	Since Inception
Artesian Green & Sustainable Bond Fund (NZD)*	-0.06%	0.38%	4.07%	5.53%	5.50%
Artesian Green & Sustainable Bond Fund PIR Return (NZD)**	-0.06%	0.65%	4.67%	6.04%	5.95%
Bloomberg AusBond Composite 0-5 Yr Index 100% Hedged to NZD	-0.10%	0.22%	3.82%	5.29%	5.26%

*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.

PERFORMANCE of the Underlying Fund	1 Mth	3 Mth	6 Mth	1 Yr	2 Yr	3 Yr	4 Yr	5 Yr	Since Inception (p.a.)
Gross Fund Return	-0.02%	0.90%	3.14%	5.80%	6.54%	5.91%	3.19%	3.18%	3.21%
Net Fund Return	-0.06%	0.78%	2.88%	5.27%	6.01%	5.38%	2.68%	2.67%	2.69%
Bloomberg AusBond Composite 0-5 Yr Index	-0.02%	0.41%	2.38%	4.33%	5.02%	4.29%	1.75%	1.46%	1.47%
Active Return (net Fund return - benchmark)	-0.04%	0.37%	0.50%	0.94%	0.98%	1.10%	0.93%	1.20%	1.22%

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#

September was another positive month for risk assets although it was not without challenges. Equity markets extended their rally as investors remained focused on central bank support, resilient earnings and the prospect of policy easing into year-end. Optimism was tempered by fresh geopolitical concerns and renewed scrutiny of U.S. fiscal stability. Trade tensions persisted, with Asian export economies under pressure from softer demand in both the United States and China. European manufacturing surveys slipped back into contraction territory, reinforcing concerns about weak growth in the region. In Australia, market conditions were steadier, with credit and government bonds continuing to benefit from supportive demand dynamics. Overall, September was characterised by a cautious but constructive market tone, where investors were willing to add risk but remained attentive to emerging macro vulnerabilities.

The Underlying Fund's underperformance versus benchmark in September was driven by the overweight interest rate duration positioning (interest were higher/wider). The Underlying Fund's running yield of 4.33% versus the benchmark's 3.76% helped to lessen the underperformance versus benchmark.

Outperformance in September came from the Underlying Fund's positions in Mirvac (Green), Korea Housing & Finance Corporation (Social), Macquarie University (Sustainable) and Optus (Sustainability-Linked). Underperformance came from the Underlying Fund's positions in ENBW (Green), New South Wales Treasury Corporation (Sustainable), Transpower (Green) and NBN (Green).

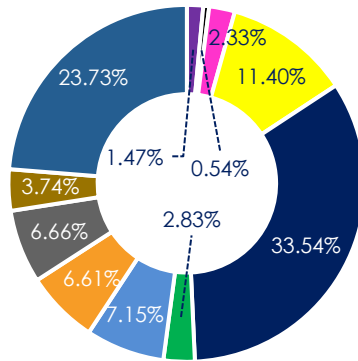
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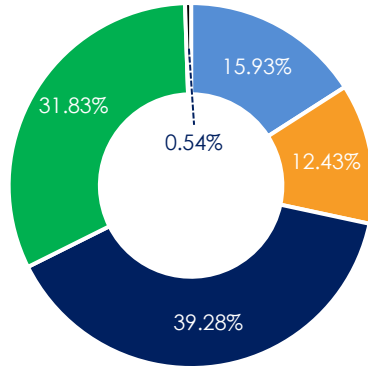
PORTFOLIO BREAKDOWN#

SECTOR BREAKDOWN



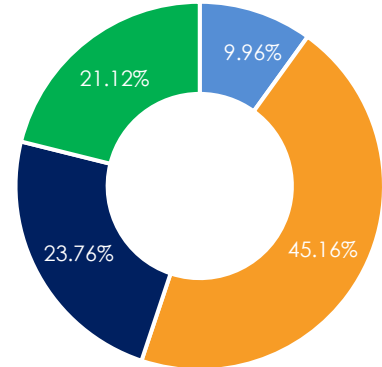
- Agencies
- Consumer Staples
- Financial
- Semi Government
- TMT
- Utilities
- Cash
- Educational Services
- Real Estate
- Supranational
- Transportation & Logistics

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#

French political concerns in early September put pressure on French bank spreads. Although there was some recovery halfway through the month, their spreads ended September at their recent widest levels. In contrast, broader credit markets maintained their rally, with investment grade corporate bond spreads and credit indices tightening across the board. On average, Australian dollar investment grade credit spreads tightened by 2bps, while Euro spreads and US dollar spreads by 5bps. The AUD new issue market proved more challenging during the month, as several deals leveraged strong order books to price inside levels observed in the secondary market. This made relative value less attractive for some transactions. However, most new issues still performed well post-pricing, providing an additional tailwind for tightening spreads in the broader market.

AS AT 30 TH SEPTEMBER 2025	PRICE	CHG ON MTH
ITRAXX AUSTRALIA 5YR	0.66%	-0.01%
ITRAXX EUROPE 5YR	0.56%	0.00%
ITRAXX EUROPE XOVER 5YR	2.62%	-0.06%
CDX US IG 5YR	0.52%	0.01%
CDX US HY 5YR	3.21%	0.00%

METRICS FOR THE UNDERLYING FUND#

The Underlying Fund's interest rate duration (IRD) was largely unchanged month on month, finishing September at 2.7yrs. This positioning reflects a continued cautious stance amid ongoing uncertainty around the near-term monetary policy outlook. Credit duration decreased slightly during the month, driven by the rebalancing of new fund flows. At its 30 September meeting, the Reserve Bank of Australia kept the cash rate on hold, in line with market expectations. However, both the post-meeting statement and subsequent remarks by Governor Michele Bullock, were interpreted by the market as hawkish in tone. As a result, Australian government bond yields moved higher, particularly at the short end of the curve. Three-year bond yields rose by 14bps over the month, closing at 3.58%. This upward shift in yields contributed to a rise in the Underlying Fund's running yield, which increased to 4.33%. The increase in running yield reflects the improved income generating capacity of the portfolio.

AS AT 30 TH SEPTEMBER 2025	FUND	BENCH-MARK
INTEREST RATE DURATION	2.73	2.31
CREDIT DURATION	3.15	2.31
YIELD TO MATURITY	4.41%	3.76%
YIELD TO WORST	4.33%	3.76%
BLOOMBERG COMPOSITE RATING (weighted average)	A	AA+

*Using the Morningstar methodology for Average Credit Quality

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In September, Artesian recorded four new AUD deals from three unique issuers for a total volume of AUD 3.75b. Below, the Underlying Fund highlights the recent tap from the International Bank for Reconstruction and Development.

ISSUER	Bond Type	Issue Date	Issue Size \$M	Fixed/ Floating	Maturity
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT	Sustainable	3-Sep-25	700	Fixed	5-Feb-35

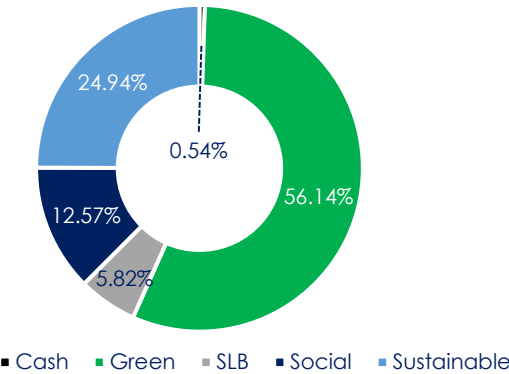
Issuer	 THE WORLD BANK IBRD • IDA
Currency	AUD
Sector	Supranational
SDG Alignment	       
Eligible Projects	Eligible green projects include: • Manage water holistically • Address biodiversity conservation • Prepare national plans and legislation to protect the environment • Contribute to climate mitigation Eligible social projects include: • Improve health care, nutrition, and childhood development • Improve equitable access to education

The International Bank of Reconstruction & Development (IBRD) are a frequent labelled bond issuer in the AUD market. IBRD issued their first AUD labelled green bond back in 2018 and currently have AUD 15.8b in labelled bonds outstanding.

The World Bank is one of the largest global issuers of sustainable financing instruments and its mandates and targets are widely respected. Artesian's review of the eligible project examples and those from previous issuances provides confidence that this issuance will result in positive environmental and social impact. Artesian are pleased with the reporting to date for previous issuances and are satisfied that an amount equal to the proceeds of the issuance will be allocated to eligible projects.

GREEN, SUSTAINABLE AND SOCIAL HOLDINGS#

BOND TYPE

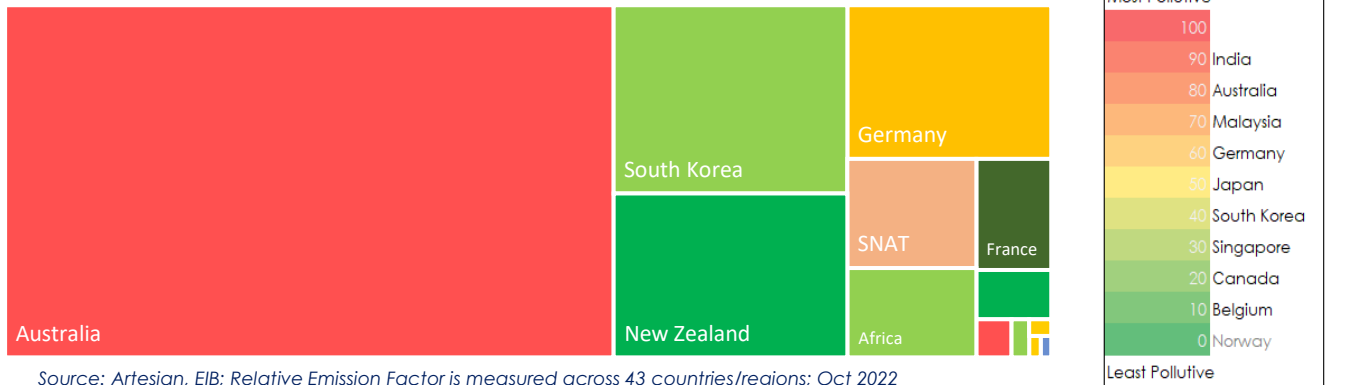




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ALLOCATION OF FUNDS IN THE UNDERLYING FUND#

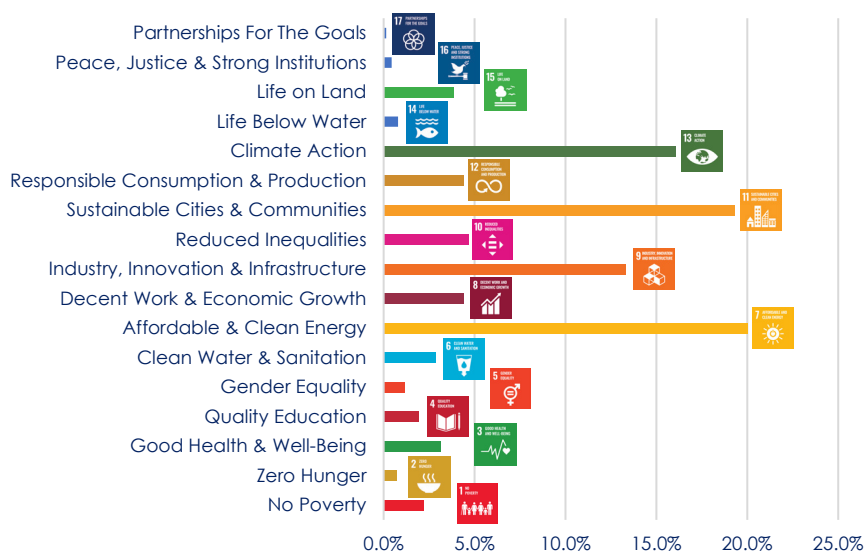
Where the Underlying Fund's capital is deployed compared to how dirty each country's electricity grid is



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 Underlying Fund currently supports 17 of the 17 SDGs.

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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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