



ARTESIAN GREEN AND SUSTAINABLE BOND FUND (NZD)

MONTHLY REPORT: JULY 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)*	-0.05%	0.97%	4.97%	5.67%	5.74%
Artesian Green & Sustainable Bond Fund PIR Return (NZD)**	0.23%	1.25%	5.58%	6.19%	6.22%
Bloomberg AusBond Composite 0-5 Yr Index 100% Hedged to NZD	0.005%	0.70%	4.93%	5.46%	5.74%

*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	Since Inception (p.a.)
Gross Fund Return	0.32%	1.60%	3.78%	6.53%	6.55%	5.39%	3.01%	3.20%
Net Fund Return	0.27%	1.47%	3.52%	6.00%	6.03%	4.87%	2.49%	2.68%
Bloomberg AusBond Composite 0-5 Yr Index	0.06%	0.87%	3.00%	5.21%	5.01%	3.60%	1.61%	1.44%
Active Return (net Fund return - benchmark)	0.22%	0.60%	0.52%	0.79%	1.02%	1.27%	0.88%	1.23%

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#

Investor sentiment in July was buoyed by resilient corporate earnings, ongoing progress on global trade agreements, and signs of stabilizing geopolitical conditions, including a reduction in immediate Middle East tensions. These factors underpinned risk appetite and drove global equity indices to new all-time highs, with momentum accelerating across both developed and emerging markets. Technology and consumer discretionary sectors continued to lead performance, supported by ongoing enthusiasm for artificial intelligence. However, late in the month, optimism was tempered by a weaker-than-expected U.S. jobs report, which showed slower employment growth and a slight uptick in unemployment. This shifted investor expectations, prompting markets to price in the likelihood of further interest rate cuts by the Federal Reserve before year-end. Credit markets were also well supported, with global credit spreads continuing to tighten. Australian credit spreads, which had lagged the recent global rally, delivered notable outperformance versus U.S. spreads in July.

The Underlying Fund's outperformance versus benchmark in July was driven by the overweight credit duration positioning (credit spreads were lower/tighter). The Underlying Fund's running yield of 4.09% versus the benchmark's 3.65%, also contributed to the monthly outperformance versus benchmark.

Outperformance in July came from the Underlying Fund's positions in BPCE SA (Social), ENBW (Green), Contact Energy (Green), Optus Finance (SLB) and Macquarie University (Sustainable). Underperformance came from the Underlying Fund's positions in the New South Wales Treasury Corporation (Sustainable), OCBC (Green), European Investment Bank (Green) and Bank Australia (Sustainable).

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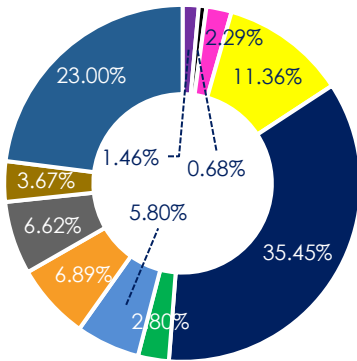
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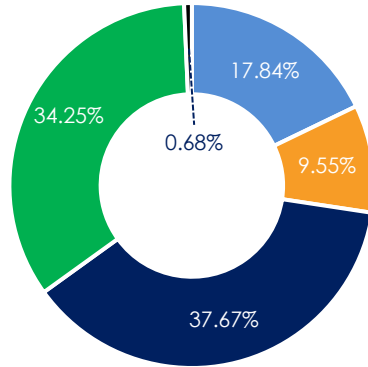
PORTFOLIO BREAKDOWN#

SECTOR BREAKDOWN



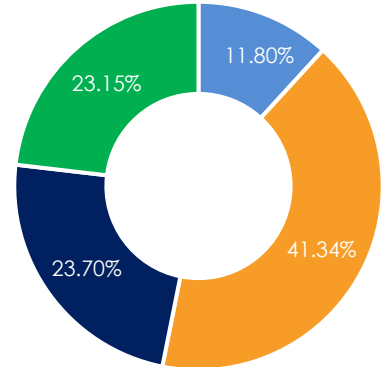
- Agencies
- Consumer Staples
- Financial
- Semi Government
- TMT
- Utilities
- Cash
- Educational Services
- Real Estate
- Supranational
- Transportation & Logistics

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#

Investment grade corporate bond spreads and credit indices have fully reversed the widening seen in recent months, returning to levels last observed in February. On average, Australian dollar investment grade credit spreads tightened by 11bps, while Euro spreads narrowed by 13bps and US dollar spreads by 7bps. Higher beta credit was the stand-out performer in July, with financial Tier 2 bonds and corporate hybrids delivering the strongest returns in the AUD market. In July, Artesian conducted an analysis of the labelled bond market with the aim of maintaining the Underlying Fund's existing portfolio characteristics, including interest rate duration, credit duration and credit quality, while also increasing the impact delivered per dollar invested. Based on this analysis, Artesian carried out a series of trades that resulted in an improved overall impact outcome.

AS AT 31 ST JULY 2025	PRICE	CHG ON MTH
ITRAXX AUSTRALIA 5YR	0.68%	-0.06%
ITRAXX EUROPE 5YR	0.54%	-0.01%
ITRAXX EUROPE XOVER 5YR	2.68%	-0.14%
CDX US IG 5YR	0.51%	0.00%
CDX US HY 5YR	3.23%	0.05%

METRICS FOR THE UNDERLYING FUND#

The Underlying Fund's interest rate duration (IRD) was increased to 2.73yrs in July. Going into the Reserve Bank of Australia (RBA) monetary policy meeting on the 8th of July, markets had fully priced in a 25bp cut to the cash rate. However, the RBA surprised markets by leaving the cash rate unchanged at 3.85%. The RBA Governor described the decision as being "more about timing than direction" of future interest rate adjustments. This unexpected outcome caused front-end bond yields to rise by approximately 10bps, prompting Artesian to extend the Underlying Fund's IRD from a neutral position to better capture potential value in the short-end of the curve. The Underlying Fund's credit duration (CD) remains overweight relative to the benchmark. While the Underlying Fund's CD changed only marginally month-on-month, July was an active month in secondary market trading. A key focus of portfolio repositioning was to allocate into higher-impact bonds while maintaining similar credit ratings, yield, and duration characteristics.

AS AT 31 ST JULY 2025	FUND	BENCH - MARK
INTEREST RATE DURATION	2.73	2.39
CREDIT DURATION	3.21	2.39
YIELD TO MATURITY	4.30%	3.65%
YIELD TO WORST	4.09%	3.65%
BLOOMBERG COMPOSITE RATING (weighted average)	A	AA+

*Using the Morningstar methodology for Average Credit Quality

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In July, Artesian recorded three new AUD deals from one unique issuer for a total volume of AUD 525m. Below highlights the Korea Housing and Finance Corporation social bond Artesian added to the Underlying Fund portfolio in June.

ISSUER		Bond Type	Issue Date	Issue Size \$M	Fixed/Floating	Maturity
KOREA HOUSING FINANCE CORP		Social Social	3-Jun-25 3-Jun-25	500 200	Fixed Float	18-June-30 18-June-30
Issuer	 KOREA HOUSING FINANCE CORPORATION					
Currency	AUD					
Sector	Financials					
SDG Alignment	 					
Eligible Projects	<ul style="list-style-type: none"> Enabling people to own their residential house with an affordable mortgage loan by providing long-term fixed rate amortized mortgage loans to one or more of the following target populations: 					
Indicative Target Populations	<ul style="list-style-type: none"> ➢ Low-income and moderate-income population. ➢ Multi-child families. ➢ Single-parent households. ➢ Households with the disabled. 					

Korea Housing Finance Corporation (KHFC) is a policy bank 100% owned by the Korean Government (63.7%) and the Bank of Korea (36.3%) and is established with the goal of supporting the government's housing welfare policy.

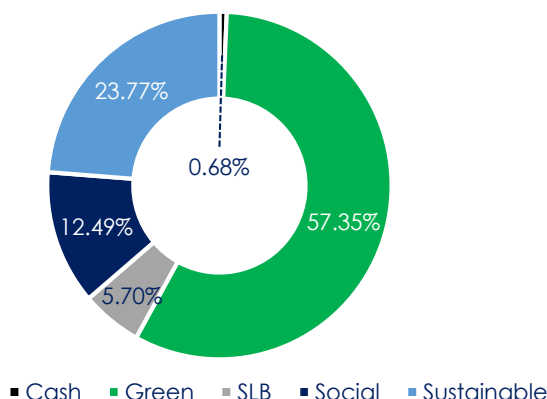
KHFC last issued in AUD back in 2023, which means they now have 4 social bonds for a total volume of AUD 1.02b.

In terms of impact reporting, KHFC will aim to include the following social impact indicators with reference to UN SDGs:

- Number of households benefitting from eligible mortgage loans.
- Average eligible loan balance per person.
- Average house value.
- Average household income of borrowers.

GREEN, SUSTAINABLE AND SOCIAL HOLDINGS#

BOND TYPE



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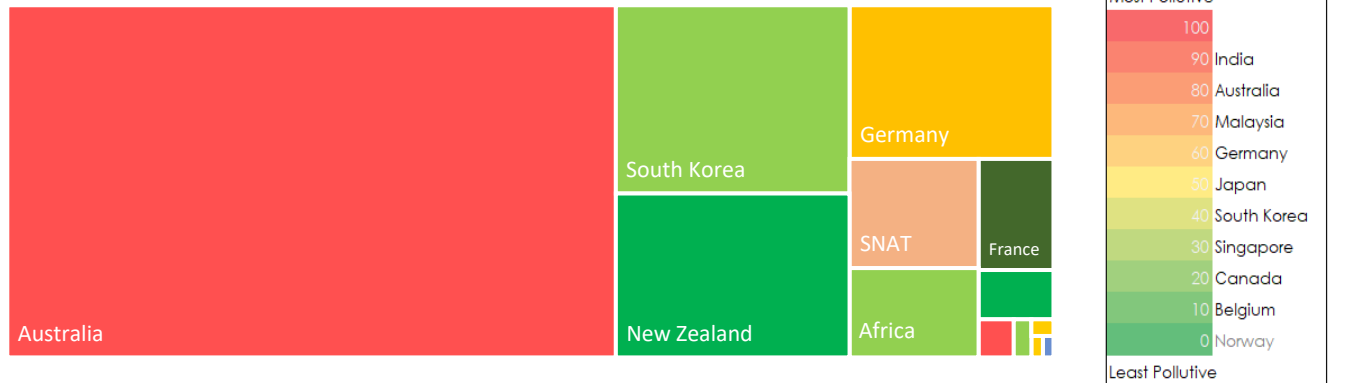
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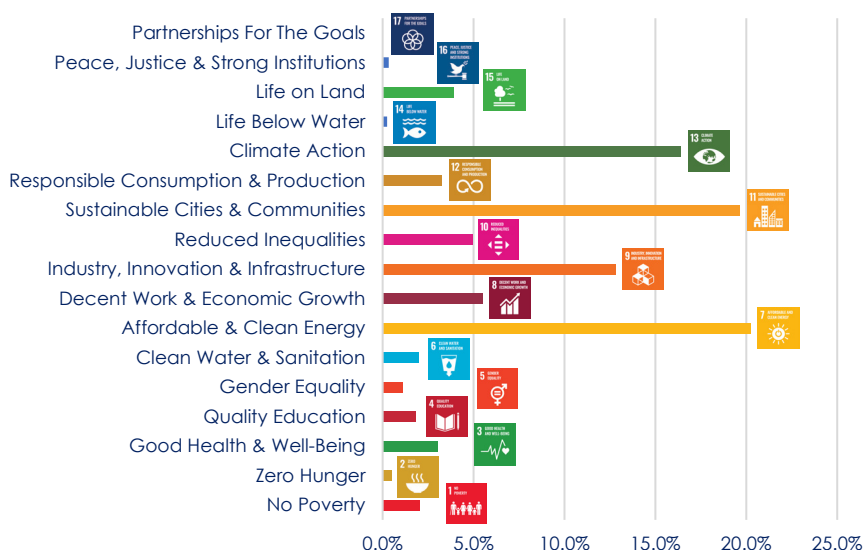
ALLOCATION OF FUNDS IN THE UNDERLYING FUND#

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



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 56% of the Underlying Fund's targeted SDGs. The Underlying Fund currently supports 16 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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