

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 24	FUND PERFORMANCE							
	1 month	3 months	6 months	1 year	2 year	3 year	4 year	Since Inception (p.a.)
GROSS FUND RETURN	-0.71%	0.56%	3.07%	6.96%	5.40%	2.66%	2.00%	2.34%
NET FUND RETURN	-0.75%	0.43%	2.82%	6.43%	4.88%	2.15%	1.49%	1.82%
BLOOMBERG AUSBOND COMPOSITE 0-5 YR Index	-0.68%	0.51%	2.42%	5.54%	3.52%	1.35%	0.54%	0.58%
ACTIVE RETURN (net Fund return - benchmark)	-0.07%	-0.08%	0.39%	0.90%	1.36%	0.80%	0.95%	1.24%

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

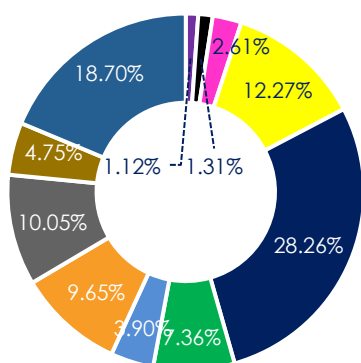
Volatility returned to markets in October, as to did the positive correlation between equity and fixed income price movements as both asset classes suffered losses. Markets dislike uncertainty more than anything and with the pending US election outcome only days away, that uncertainty is front and centre. The pricing of aggressive interest rate cuts was pared back, which meant yields were higher across the curve. In Australia, government bond yields spiked +50bps, 3yr yields closed at 4.01% and 10yr yields closed at 4.52%. As yields began moving higher, we began adding back some interest rate duration from an neutral position. Whilst that led to some small underperformance MoM, we believe the Fund is now well positioned for a rally in yields.

The Fund underperformed its benchmark in October due to the overweight interest rate duration position. Offsetting this overweight in interest rate duration was the Fund's overweight in credit duration, which aided this month's returns as credit spreads continue to rally.

Outperformance in October came from the Fund's positions in NBN (Green), Optus (SLB), Mercury (Green), University of Melbourne (Green), SA Power Networks (Green) and Woolworths (SLB). Small underperformance came from the Fund's positions Shinhan Bank (Social) and Housing Australia (Social).

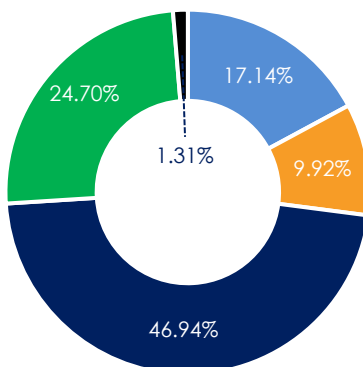
PORTFOLIO BREAKDOWN

SECTOR BREAKDOWN



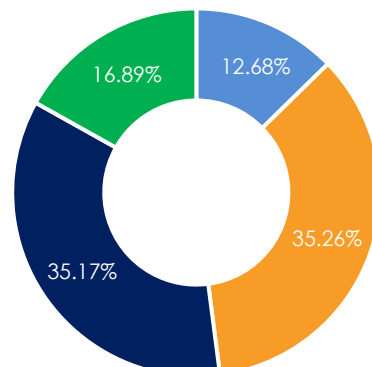
- Agencies
- Consumer Staples
- Financial
- Semi Government
- TMT
- Utilities
- Cash
- Educational Services
- Real Estate
- Supranational
- Transportation & Logistics

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

Whilst global credit indices were marginally wider MoM, AUD corporate bond spreads were tighter. Australian major bank Tier 2 spreads outperformed the rest of the AUD market, finishing the month 15bps to 25bps tighter across the curve. With the move higher in outright yields, fixed rate bond buyers have returned which has led to outperformance in fixed rate bonds versus floating rate notes. Tier 2 outperformance was also evident in the new issue market, with Judo Bank and the Bank of Queensland both issuing Tier 2 subordinated bonds in October. Both deals attracted large primary market interest, Judo Bank's deal priced at BBSW +335bps and rallied 35bps into month end. Whilst Australian major bank Tier 2 spreads outperformed the rest of the AUD market, their senior spreads were largely unchanged MoM, still trading at BBSW +80bps.

AS AT 31 ST OCTOBER 2024	PRICE	CHG ON MTH
ITRAXX AUSTRALIA 5YR	0.66%	0.03%
ITRAXX EUROPE 5YR	0.59%	0.00%
ITRAXX EUROPE XOVER 5YR	3.14%	0.03%
CDX US IG 5YR	0.54%	0.01%
CDX US HY 5YR	3.36%	0.07%

FUND METRICS

As highlighted in last month's report, government bond yields had rallied quite significantly and hence the interest rate duration (IRD) of the Fund was at a neutral position of 2.31yrs. The sell off we had been waiting for eventuated in October, so the Fund's IRD was lengthened, and we would expect to add more opportunistically should yields continue to sell off. The credit duration of the Fund increased marginally. This was due to high-volume month of bond trading, bought on by new issues at attractive levels in the primary market. The spike higher in yields was evident in the Fund's running yield increasing 39bps to 4.90%. The Fund's floating rate note positioning continues to be supported by elevated levels of 3-month BBSW, finishing the month at 4.42%.

AS AT 31 ST OCTOBER 2024	FUND	BENCH-MARK
INTEREST RATE DURATION	2.65	2.25
CREDIT DURATION	2.87	2.25
YIELD TO MATURITY	4.95%	4.32%
YIELD TO WORST	4.90%	4.32%
BLOOMBERG COMPOSITE RATING (weighted average)	A	AA+

**Using the Morningstar methodology for Average Credit Quality*

NEW ISSUES

October was another robust month of issuance in the AUD labelled bond market. We recorded 7 new bonds issued by 6 unique issuers for a total volume of AUD 4.4b. It was great to see the German energy company EnBW International Finance make its debut issue in the AUD labelled bond market, the deal is highlighted below.

ISSUER	Bond Type	Issue Date	Issue Size \$M	Fixed/Floating	Maturity
ENBW INTERNATIONAL FINANCE	Green	24-Oct-24	5yr 350 10yr 650	Fixed Fixed	30-Oct-29 30-Oct-34

Issuer	
Currency	AUD
Sector	Utility
SDG Alignment	
Eligible Projects	<p>Renewable energy:</p> <ul style="list-style-type: none"> Solar energy generation Offshore/onshore wind energy generation Hydropower energy generation Electricity distribution and transmission Smart meters <p>Clean transport</p> <ul style="list-style-type: none"> E-mobility charging infrastructure

Energie Baden-Wuerttemberg (EnBW) is a leading integrated utility company in Germany, focusing on all aspects of the energy business including generation, transmission and distribution.

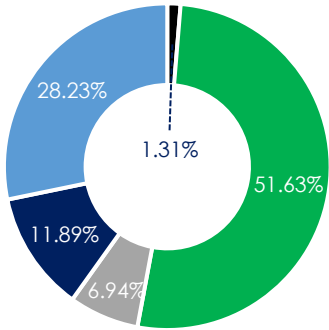
This was their first AUD bond transaction, considering it was also a green bond it was very well received by the market. The final order book was AUD 1.965b for a transaction size of AUD 1.0b.

EnBW has committed to allocate an amount equal to the net proceeds from the green bond transaction to exclusively finance or refinance eligible green projects. Eligible green projects are 100% aligned with the EU Taxonomy for environmentally sustainable economic activities.

GREEN, SUSTAINABLE & SOCIAL

CARBON ABATEMENT

BOND TYPE



■ Cash ■ Green ■ SLB ■ Social ■ Sustainable

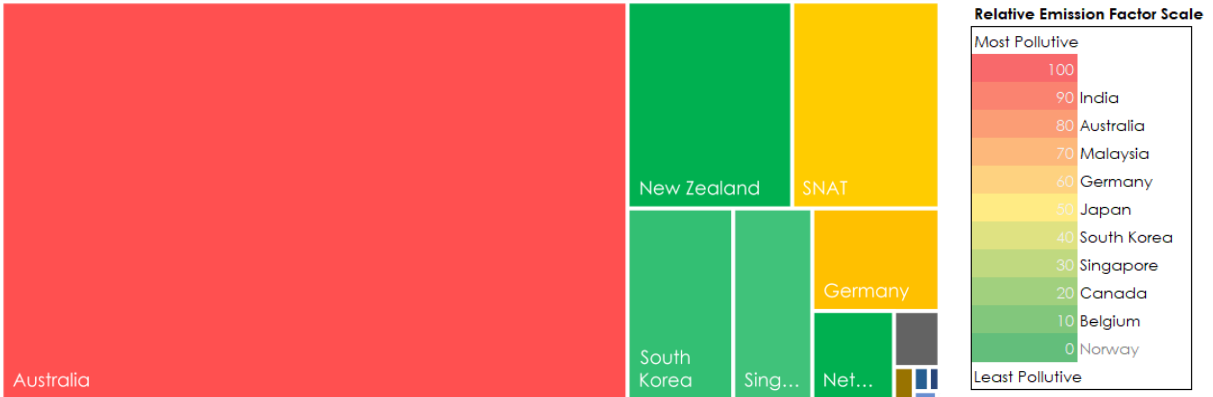
	Fund
October's estimated carbon abatement	524 tCO2e*
Since inception estimated carbon abatement ¹	48,567 tCO2e*
% of Fund used in this estimation	32%

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 32% of the Fund used to calculate the carbon abatement.



Equivalent to **22,768 cars**** off the road for a year, since fund inception

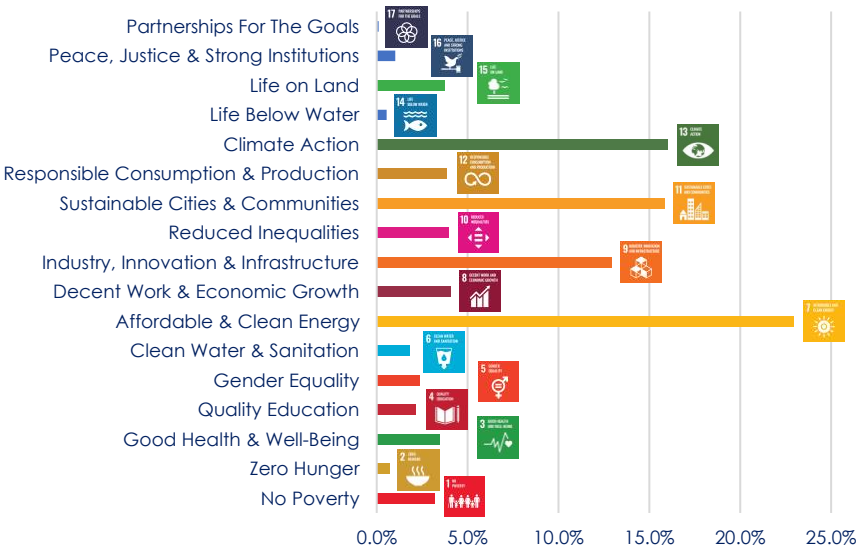
ALLOCATION OF FUNDS HEATMAP



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 52% of the Fund's targeted SDGs. The Fund currently supports 17 of the 17 SDGs.

IMPACT SINCE INCEPTION

152,752



Trips made on clean & sustainable transportation.

5



Affordable housing dwellings financed.

44%



Fund bond issuers supporting TCFD.

102,215,991



Litres of water saved.

2,143



People provided with access to education.

16%



Fund bond issuers supporting PCAF.

12,828



Square metres of green energy efficient buildings financed.

100%



Female representation on board of Fund holdings.

88%



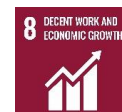
More than one female on board of Fund holdings.

91



People provided with access to water & sanitation.

177



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 x 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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