

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 30 TH APR 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	0.60%	1.64%	4.22%	4.18%	1.43%	3.19%	2.61%	2.90%	3.78%
NET FUND RETURN	0.54%	1.45%	3.83%	3.40%	0.67%	2.42%	1.84%	2.13%	3.00%
RBA CASH RATE	0.29%	0.84%	1.59%	2.35%	1.22%	0.87%	0.87%	0.99%	1.09%
ACTIVE RETURN (net Fund return - RBA cash rate)	0.25%	0.61%	2.24%	1.05%	-0.55%	1.55%	0.98%	1.14%	1.91%

The 1m, 3m, 6m, 1yr, 2yr, 3yr, 4yr, 5yr and since inception net returns for Class A Units are 0.55%, 1.43%, 3.79%, 3.39%, 0.62%, 2.36%, 1.76%, 2.04% & 2.90% 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 30 TH APR 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%	1.16%	2.36%	3.23%	1.52%	1.61%	1.60%	1.90%	2.10%
BLOOMBERG AUSBOND COMP 0-3 YR Index	0.19%	0.98%	2.15%	2.29%	-0.13%	0.20%	0.75%	1.25%	1.41%

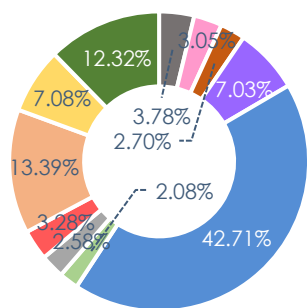
PORTFOLIO UPDATE

April was relatively calm across credit and interest rate markets. As were the RBA, who took their first pause since the recent hiking cycle began in May 2022. Combined with no considerable economic data surprises, and the fact that April is seasonally quieter due to holidays; this allowed the market to take a bit of a 'breather'. Credit spreads edged tighter with very little activity in primary markets, as investors went in search of corporate bonds in secondary markets. We expect the new issue market to come back to life in May, buoyed on by the major banks (Westpac, ANZ and NAB) who come out of mid-year reporting season blackout.

The Fund had strong outperformance in April from its positions in Commonwealth Bank of Australia, Telstra, National Australia Bank, Optus and Woolworths. The Fund had small underperformance from its positions in BNP Paribas, McDonald's Corporation, Bank of Queensland and SGSP Australia.

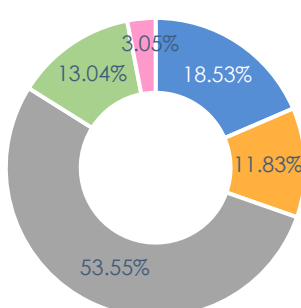
PORTFOLIO BREAKDOWN

SECTOR BREAKDOWN



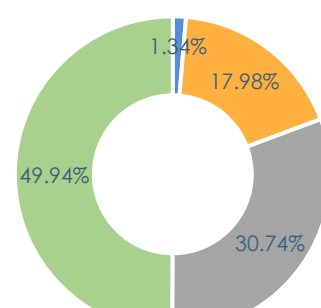
- Automotive
- Consumer Discretionary
- Financial
- Machinery
- TMT
- Utilities
- Cash
- Consumer Staples
- Insurance
- Real Estate
- Transportation & Logistics

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

Credit was firmer in April, driven by the technical bid for corporate bonds in the secondary market. Most interest was in financials, which led to outperformance versus non-financials. Across the ratings spectrum, AAA and AA rated bonds outperformed A and BBB bonds, as investors sought credit quality and liquidity. Looking at the ranges in AUD corporate bond credit spreads over the past 12 months, we are now roughly in the middle of the range. On a relative value basis when compared with Europe and the US, we have lagged the recent tightening post the SVB/CSFB induced wiles in March. This recent underperformance should provide a short-term tailwind to AUD corporate bond spreads.

AS AT 30 TH APR 23	PRICE	CHG ON MTH
ITRAXX AUSTRALIA 5YR	0.88%	-0.03%
ITRAXX EUROPE 5YR	0.83%	-0.01%
ITRAXX EUROPE XOVER 5YR	4.35%	-0.01%
CDX US IG 5YR	0.76%	0.00%
CDX US HY 5YR	4.66%	0.03%

FUND METRICS

The lack of new issuance in April meant the Fund's trading volumes were subdued MoM. Therefore, most of the Fund's metrics are relatively static MoM. Although 3yr and 10yr government bond yields are roughly unchanged MoM, they did trade in a 33bps to 37bps range in April. Yields didn't quite reach our 3yr yield target, which is where we would look to add some interest rate duration (IRD). With that said, we still expect the Fund's IRD to remain below the mandate target of 1yr. We have been recently quite attracted to short dated floating rate notes, due to their attractive risk and return profiles. The attractiveness of 3-month BBSW at 3.7%, will lead us to further rotate some fixed rate bonds into floating rate notes which may also lead to a reduction in credit duration.

AS AT 30 TH APR 23	FUND	CHG ON MTH
INTEREST RATE DURATION	0.67	0.17
CREDIT DURATION	3.31	-0.04
YIELD TO MATURITY	4.69%	0.00%
YIELD TO WORST	4.66%	-0.02%
BLOOMBERG COMPOSITE RATING (weighted average)*	A	A

*Using the Morningstar methodology for Average Credit Quality

NEW ISSUES

A quiet month for the new issue market with 5 new deals totalling AUD 3.1b. It was great to see another non-financial corporate issue, Worley issued a 5.5yr sustainability linked bond, although the Fund didn't participate in this deal. The month's best performer was CIBC's 3yr floating rate note which rallied 7bps.

ISSUER	Issue Date	Issue Size \$M	Fixed/Floating	Maturity	Next Call	Credit Spread EFP/BBSW	Month End Bid Spread	Net Change
WORLEY	04-Apr-23	350	Fixed	13-Oct-28	-	3.11%	3.07%	-0.04%
CIBC	14-Apr-23	1,500	Floating	21-Apr-26	-	0.80%	0.73%	-0.07%
BANK OF QUEENSLAND	28-Apr-23	900	Floating	09-May-28	-	1.20%	1.15%	-0.05%

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