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 30TH SEPT 24	FUND PERFORMANCE							
	1 month	3 months	6 months	1 year	2 year	3 year	4 year	Since Inception (p.a.)
GROSS FUND RETURN	0.50%	2.63%	3.33%	7.29%	5.97%	2.34%	2.53%	2.57%
NET FUND RETURN	0.46%	2.50%	3.07%	6.76%	5.44%	1.83%	2.02%	2.05%
BLOOMBERG AUSBOND COMPOSITE 0-5 YR Index	0.39%	2.34%	2.41%	5.73%	4.26%	0.91%	0.76%	0.77%
ACTIVE RETURN (net Fund return - benchmark)	0.07%	0.16%	0.67%	1.03%	1.18%	0.92%	1.26%	1.29%

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

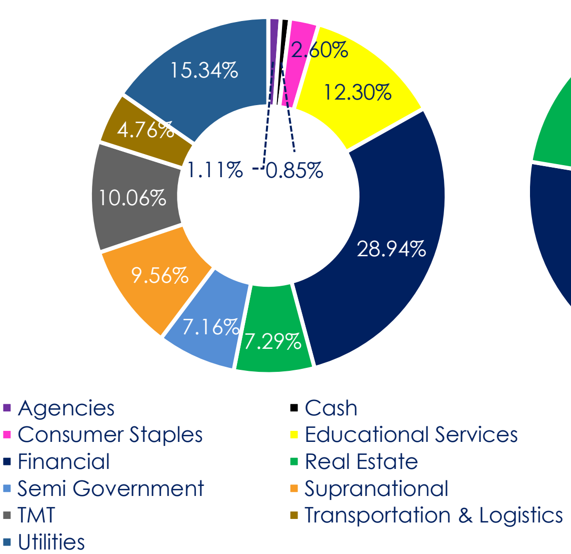
In September, the US Federal Reserve (Fed) delivered a widely expected 0.50% cut in their overnight cash rate to 4.75% to 5.00%. With the decision, came the first dissent from a board governor since 2005 as Michelle Bowman was in favour of a 0.25% cut. Government bond yields rose post the Fed move, which may seem counter intuitive given the 0.50% cut, but as we have pointed out in previous commentary, yield curves have priced in substantial cuts already. Global stock markets continue to rise to record levels. In contrast, global geopolitical risks continue to escalate. A further rational explanation for the sanguine September, is that the major geopolitical and political risks are simply too difficult to quantify at the moment. However, what can be quantified is recent economic data and in particular the interest rate outlook and inflationary trends. Credit market conditions remain solid, supported by softening interest rates around the globe. Investment grade corporate bond credit spreads closed marginally tighter MoM by 1bp to 2bps.

The Fund outperformed its benchmark in September, due to the modest overweight in credit duration positioning. The Fund's interest rate duration sits in line with the benchmark, which was a positive contributor to September's returns as government bond yields rallied. The Fund's running yield of 4.51% versus the benchmark's 3.96%, was another positive contribution relative to benchmark.

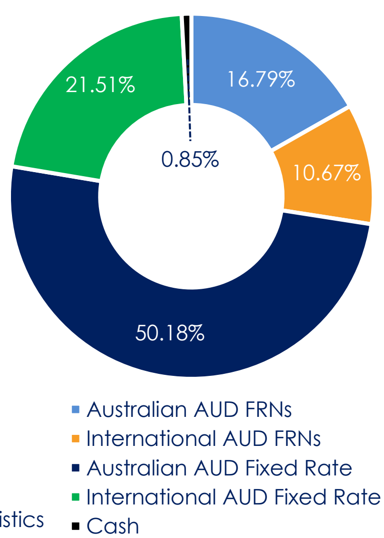
Outperformance in September came from the Fund's positions in NBN, Optus, SA Power Network, Mercury and Mirvac. Underperformance came from only two positions in September, they were La Trobe University and ANZ Banking Group.

PORTFOLIO BREAKDOWN

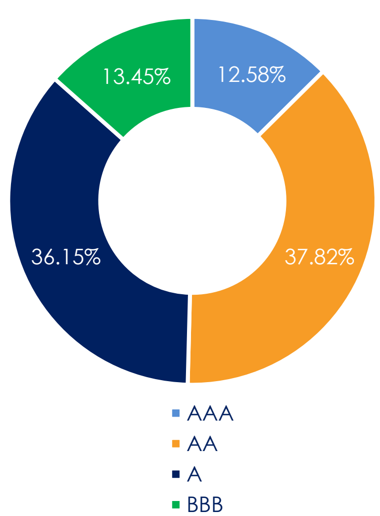
SECTOR BREAKDOWN



REGION & PRODUCT



CREDIT RATING



CREDIT SPREADS

Corporate bond spreads were marginally tighter and credit indices were marginally wider MoM. The major story in relation to credit spreads was APRA indicating Tier 1 (T1) bank debt (hybrids) would be phased out from 2027 and replaced with current Tier 2 (T2) debt. Ratings agencies indicated there would likely be no effect on T2 ratings on larger banks and the subsequent reaction in spreads was muted. ANZ New Zealand issued a wholesale T1 security in September that performed very well, rallying 70bps from the new issue spread over the month. This may indicate that existing T1 spreads will converge to T2 spreads over time, particularly in times of credit strength. Conversely, there will also be times of divergence in T1 and T2 spreads when markets are challenged. The stability of bank spreads in the face of supply is a continuing theme, with Westpac bringing a 5yr issue at 85bps, which is the 6th major bank deal in 2024 which has been issued in the 80bps to 90bps range.

AS AT 30TH SEPTEMBER 2024	PRICE	CHG ON MTH
ITRAXX AUSTRALIA 5YR	0.63%	0.02%
ITRAXX EUROPE 5YR	0.59%	0.06%
ITRAXX EUROPE XOVER 5YR	3.11%	0.22%
CDX US IG 5YR	0.53%	0.03%
CDX US HY 5YR	3.29%	0.07%

FUND METRICS

Yields rallied steadily up to the Fed rate cut mid-month, but it was a case of buy the rumour sell the fact, as post the announcement rates receded back to September opening levels. The bond market will have difficulty pricing in much lower yields than present, until rate cuts delivered by the Fed achieve the desired effect and boost the economy. As indicated previously, there are now material cuts priced into the yield curve. As such, despite the latest Australian inflation (CPI) reading being slightly lower than expected, this had very little impact on government bond yields. The Fund's credit duration decreased marginally MoM and remains at a conservative level of 2.83yrs. The appetite for investment grade credit is robust, as real yields remain positive and compare well with alternative credit products. The underlying running yield of the Fund at 4.51% is well above the CPI at 2.70%.

AS AT 30TH SEPTEMBER 2024	FUND	BENCH-MARK
INTEREST RATE DURATION	2.31	2.32
CREDIT DURATION	2.83	2.32
YIELD TO MATURITY	4.54%	3.96%
YIELD TO WORST	4.51%	3.96%
BLOOMBERG COMPOSITE RATING (weighted average)	A	AA+

**Using the Morningstar methodology for Average Credit Quality*

NEW ISSUES

After a busy month of AUD labelled bond issuance in August, in September there was just the one labelled bond issued by the Treasury Corporation of Victoria. It was an AUD 1.5b tap of their existing Jun-35 Sustainability Bond, taking the total volume of that line to AUD 10.03b. This month we have highlighted NBN's green bond issued in August.

ISSUER	Bond Type	Issue Date	Issue Size $M	Fixed/ Floating	Maturity
NBN CO LTD	Green	20-Aug-24	750	Fixed	28-Aug-31

Issuer	nbn
Currency	AUD
Sector	Technology, media, and telecom (TMT)
SDG Alignment	7 AFFORDABLE AND CLEAN ENERGY; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Eligible Projects	**Energy efficiency:** Deployment of Australia's broadband network, using a more energy-efficient technology such as a fixed line fibre optic connection instead of legacy technology (i.e. copper), to lift the digital capability of Australia. **Renewable energy**: Purchasing renewable electricity to power the NBN network and infrastructure in line with their RE100 Commitment.

NBN released their first ever Sustainability Bond Framework to the market in February 2022. Since then, they have issued 3 green bonds in the AUD market and 4 green bonds in the EUR market. NBN are the largest Australian non-financial corporate issuer of labelled bonds in the market.

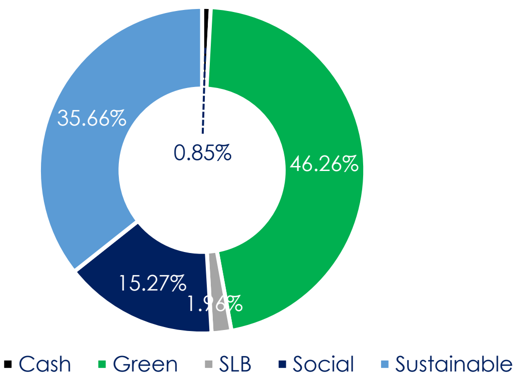
NBN also produce good quality annual impact reporting. In relation to this green bond issue, they are planning to disclose environmental impact metrics such as;

1) Energy intensity
2) Emissions intensity.

This will be published in their Sustainability Bond Report subject to the availability of information and confidentiality requirements.

GREEN, SUSTAINABLE & SOCIAL

BOND TYPE



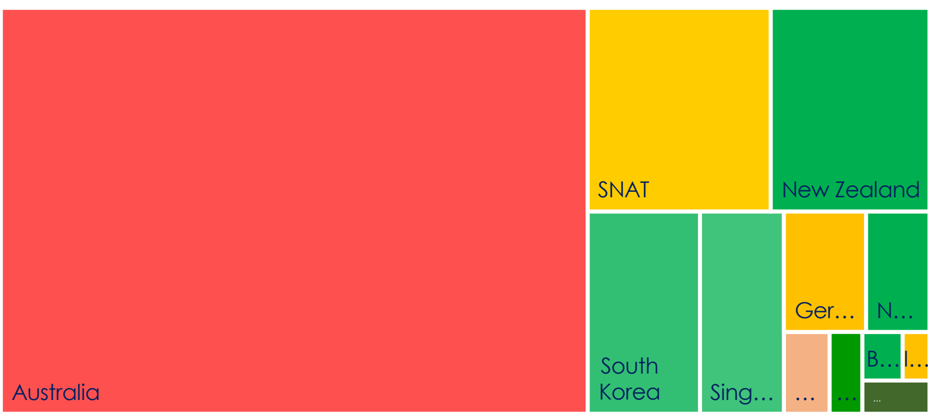
CARBON ABATEMENT

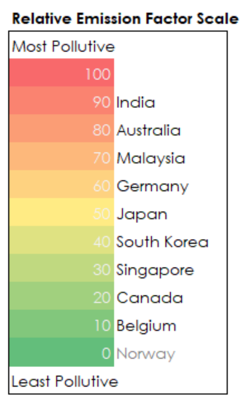
	Fund
September's estimated carbon abatement	524 tCO2e*
Since inception estimated carbon abatement[1]	48,023 tCO2e*
% of Fund used in this estimation	32%

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 31% of the Fund used to calculate the carbon abatement.

Equivalent to **22,512 cars**** off the road for a year, since fund inception

ALLOCATION OF FUNDS HEATMAP

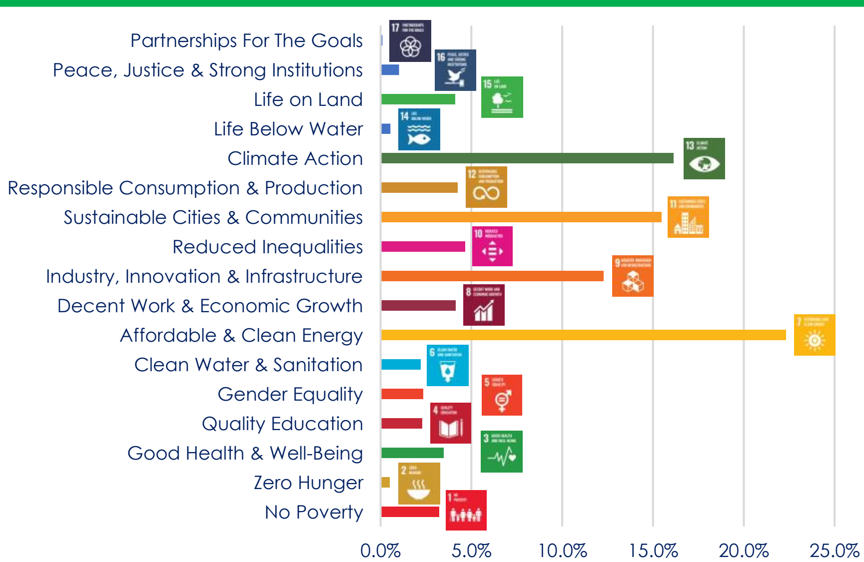




Source: Artesian, EIB; Relative Emission Factor is measured across 43 countries/regions; Oct 2022

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 53% of the Fund's targeted SDGs. The Fund currently supports 17 of the 17 SDGs.

IMPACT SINCE INCEPTION

151,109

Trips made on clean & sustainable transportation.

102,192,078

Litres of water saved.

10,532

Square metres of green energy efficient buildings financed.

91

People provided with access to water & sanitation.

5

Affordable housing dwellings financed.

2,084

People provided with access to education.

100%

Female representation on board of Fund holdings.

177

Jobs created or preserved.

44%

Fund bond issuers supporting TCFD.

16%

Fund bond issuers supporting PCAF.

85%

More than one female on board of Fund holdings.

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.

DISCLAIMER

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