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 APRIL 2022	FUND PERFORMANCE				
	1 month	3 months	6 months	1 year	Since Inception (p.a.)
GROSS FUND RETURN	-0.69%	-2.68%	-2.44%	-3.63%	-0.54%
NET FUND RETURN	-0.73%	-2.80%	-2.69%	-4.11%	-1.06%
BLOOMBERG AUSBOND COMPOSITE 0-5 YR Index	-0.82%	-3.03%	-2.73%	-4.46%	-2.72%
ACTIVE RETURN (net Fund return - benchmark)	0.09%	0.22%	0.04%	0.35%	1.66%

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.

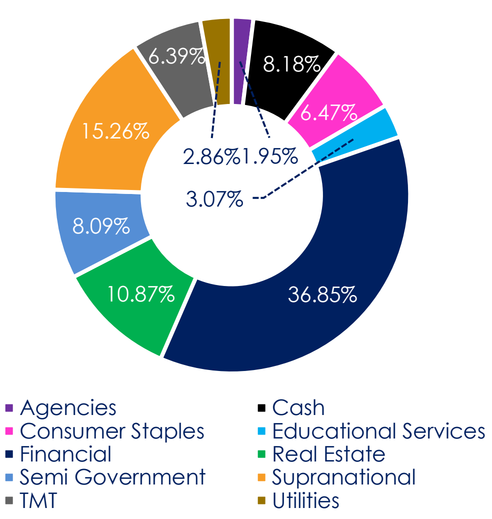
PORTFOLIO UPDATE

It is clear the path of least resistance currently is towards higher yields (interest rates) and wider credit spreads. Whilst the daily/monthly moves in yields are extreme, the moves in credit spreads are relatively subdued. Further drivers of inflationary pressure continue to mount. Covid supply chain issues, global energy shortages and soaring food costs, the war in Ukraine's effect on energy and commodities and China's zero Covid policy. Whilst China's zero case obsession isn't new, the lock down of 26 million Shanghai residents and 16 other cities in April, will only add to the global supply chain issues and slower global growth.

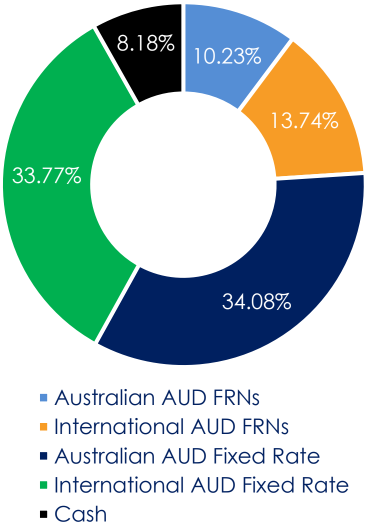
To that end, we have been reducing the Fund's interest rate duration and adding running yield to the portfolio by taking advantage of the high yields offered (>4%) on shorter dated bonds. Right now, outright yields on AUD corporate bonds are roughly as high as they have been over the past 10 years. Whilst near-term volatility poses the biggest risk to price stability and spread mean reversion, taking a longer-term view (6 to 12 months) considering the strength of our portfolio and market technicals, gives us confidence. Central banks have the tough task of reining in inflation without causing stagflation or a recession. However, as cash rates rise (and they need to significantly to reach the levels currently priced into interest rate curves), central banks are rearming their monetary policy toolkits along the way. So, whilst it is certainly possible that aggressive interest rate hikes could lead to negative growth, we believe a shallow recession is more likely than a deep one. With that said, on the global stage the Australian economy looks fundamentally better placed than its Western world peers and should perform accordingly.

PORTFOLIO BREAKDOWN

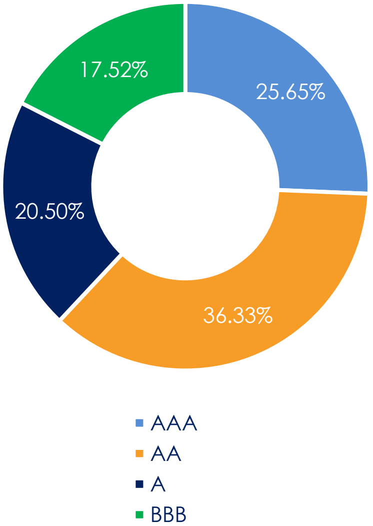
SECTOR BREAKDOWN



REGION & PRODUCT



CREDIT RATING



CREDIT SPREADS

AUD corporate bond spreads were 5bps to 10bps wider over the month, which outperformed the CDS index (iTraxx Australia 5yr) which was 14bps wider. AUD corporate bond issuance has been subdued which would normally be technically strong for credit spreads, yet new deals aren't rallying in the secondary market. So, when issuers come to market and add a new issue premium, which makes the new deal look cheap relative to where their existing bonds are trading in secondary, it is dragging its own credit curve and similar rated credit spreads wider. This is typical in a softer market, and a reversal of this trend will indicate a stabilisation in credit spreads. The RBA surprised the market with a 25bp rate rise in early May and currently the market is pricing in a ~3% cash rate by year end. Whilst we believe it will be much closer to 1.50% - 2.00%, right now positioning the Fund with a shorter than benchmark interest rate duration position is prudent to reduce return volatility.

GLOBAL CREDIT INDICES	PRICE	CHG ON MTH
ITRAXX AUSTRALIA 5YR	0.95%	0.14%
ITRAXX EUROPE 5YR	0.90%	0.17%
ITRAXX EUROPE XOVER 5YR	4.28%	0.89%
CDX US IG 5YR	0.84%	0.16%
CDX US HY 5YR	4.61%	0.85%

FUND METRICS

The Fund's credit duration increased marginally in April as we deployed some cash into the new NBN green bond. The spike higher in yields led to another spike higher in the Fund's running yield to 3.43% from 2.93%. Whilst we see some longer-term value in both credit and interest rate markets at current levels, we are conscious that markets are currently behaving erratically. Therefore, we will be patient before increasing risk from our current positioning. In any event, we are well positioned for a rally in credit and front-end yields. The AUD corporate bond market has appeared to have found a clearing level a couple of times in recent months, only to then continue to widen. However, we are now reaching decade high levels in outright yields, which on a risk adjusted basis – compared with the ASX dividend yield of ~4.5%, should start to look much more attractive to asset allocators.

AS AT 30TH APRIL 2022	FUND	BENCH-MARK
INTEREST RATE DURATION	1.48	2.32
CREDIT DURATION	3.60	2.32
YIELD TO MATURITY	3.43%	2.56%
YIELD TO WORST	3.43%	2.56%
BLOOMBERG COMPOSITE RATING (weighted average)	A*	AA+

*Using the Morningstar methodology for Average Credit Quality

NEW ISSUES

In April there was two new labelled bonds issued in the AUD market for a total volume of AUD 955m. It was great to see more corporate labelled bond issuance with NBN issuing an AUD 800m 5yr green bond. Although the softer risk backdrop continued throughout April, the NBN deal proved quite popular.

ISSUER	Bond Type	Issue Date	Issue Size $M	Fixed/ Floating	Maturity
NBN CO LTD	Green	8-Apr-22	800	Fixed	14-Apr-27

Issuer	nbn™
Currency	AUD
Sector	Technology, media, and telecom (TMT)
Eligible Categories	7 AFFORDABLE AND CLEAN ENERGY; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Issuer Goals	**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.

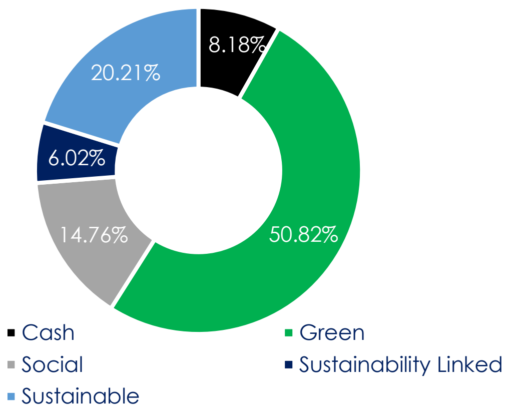
NBN issued their first ever Sustainability Bond Framework to the market in February 2022, outlining their intentions to potentially issue;

- Green bonds - aligned with the Green Bond Principles (GBP)
- Social bonds - aligned with the Social Bond Principles (SBP)
- Sustainable bonds – aligned with the GBP, SBP and Sustainability Bond Guidelines (SBG)

NBN launched their inaugural green bond in the AUD market April 8th which attracted orders >1 billion. The net proceeds of each Green Bond issued under the NBN Sustainability Bond Framework will be exclusively applied to finance or refinance, in part or in full, new and/or existing eligible green projects that meet one or more of the Eligible Green Projects (EGP).

GREEN, SUSTAINABLE & SOCIAL

BOND TYPE



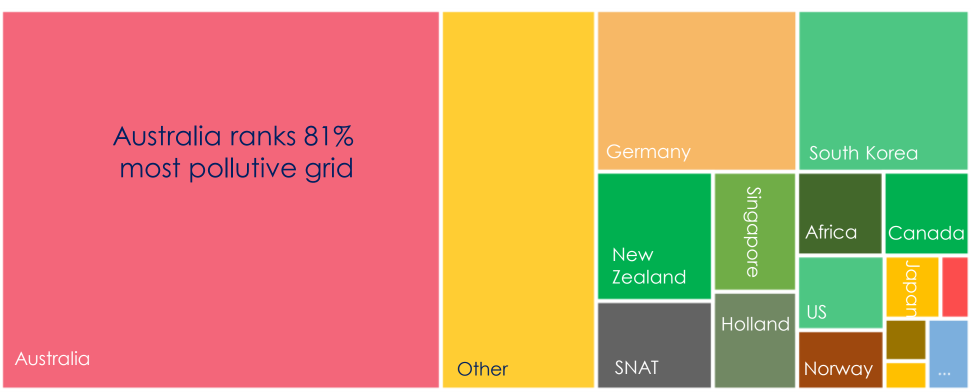
CARBON ABATEMENT

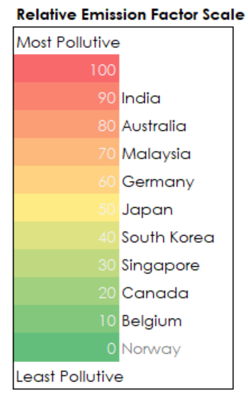
	Fund
April's estimated carbon abatement	1,045.7t CO2e*
Since inception estimated carbon abatement[1]	15,794.3t CO2e*
% of Fund used in this estimation	40%

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 40% of the Fund used to calculate the carbon abatement.

Equivalent to **7,404 cars**** off the road for a year, since fund inception

ALLOCATION OF FUNDS HEATMAP

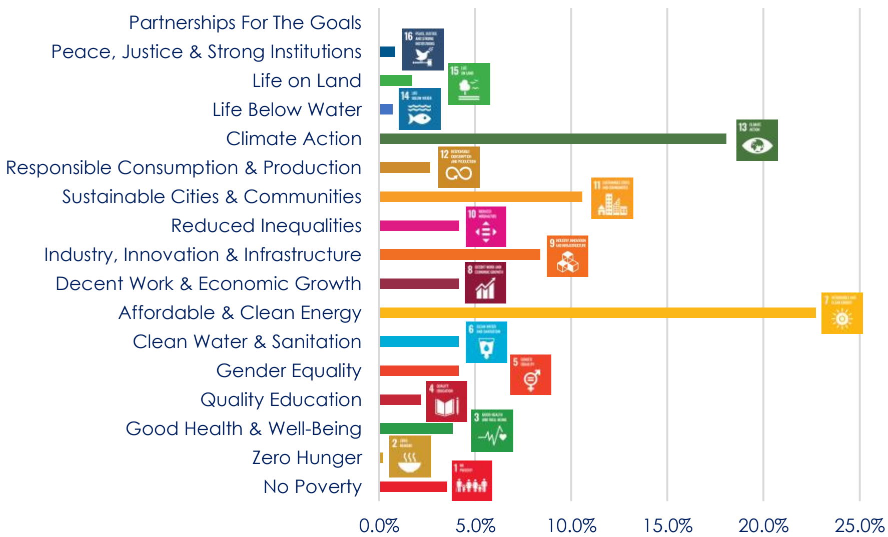




Source: Artesian, EIB; Relative Emission Factor is measured across 43 countries/regions; Oct 2020

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 51% of the Fund's targeted SDGs. The Fund currently supports 16 of the 17 SDGs, with the goal of supporting all 17 as the Fund grows.

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 CO_2e per year being [(169g/km x 12,600km) / 1,000,000].*

DISCLAIMER

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