



ARTESIAN GREEN AND SUSTAINABLE BOND FUND (NZD)

MONTHLY REPORT: APRIL 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	Since Inception (p.a.)
Artesian Green & Sustainable Bond Fund (NZD)*	0.68%	1.72%	6.46%	5.99%
Artesian Green & Sustainable Bond Fund PIR Return (NZD)**	0.77%	1.80%	6.95%	6.38%
Bloomberg AusBond Composite 0-5 Yr Index 100% Hedged to NZD	1.07%	1.95%	6.46%	5.95%

*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	0.93%	2.15%	4.27%	7.47%	5.58%	4.96%	2.74%	3.02%
Net Fund Return	0.89%	2.03%	4.01%	6.94%	5.05%	4.44%	2.23%	2.50%
Bloomberg AusBond Composite 0-5 Yr Index	1.15%	2.12%	3.78%	6.29%	4.04%	3.56%	1.49%	1.33%
Active Return (net Fund return - benchmark)	-0.26%	-0.09%	0.23%	0.65%	1.01%	0.88%	0.74%	1.16%

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#

On April 2nd, President Trump declared "Liberation Day" and announced wide-ranging tariffs on imports. The announcement triggered a sharp market downturn, with U.S. equities emerging as clear underperformers. By April 9th, approximately USD 6.6 trillion had been wiped off the value of U.S. stocks, and market sentiment was extremely fragile. Something had to give, either the U.S. Federal Reserve (Fed) would step in, or Trump would attempt to unwind some of the damage he had caused. Given Trump's relentless criticism of the Fed since taking office, it was unlikely that Jerome Powell would come to his rescue. The Fed maintained its monetary policy stance, resisting market pressure to pivot dovishly. Then on April 9th, Trump blinked first, announcing a 90-day pause on all new reciprocal tariffs (excluding those on China). Markets reacted favourably, the S&P 500 rallied 9% and had its largest one-day gain since October 2008. Since then, Trump has repeatedly reversed or adjusted tariff policies, fuelling significant volatility and uncertainty in global markets.

The Underlying Fund's underperformance versus benchmark in April was driven by the overweight credit duration positioning, credit spreads were higher/wider. The Underlying Fund's interest rate duration of 2.58yrs versus the benchmark of 2.38yrs had a positive contribution, as government bond yields were lower/tighter.

Outperformance in April came from the Underlying Fund's positions in QIC Shopping Centre Fund (Green), European Investment Bank (Green), African Development Bank (Social) and BNG Bank (Sustainable). Underperformance came from the Underlying Fund's positions in Power SA (Green), Contact Energy (Green), Industrial Bank of Korea (Green) and Transpower (Green).

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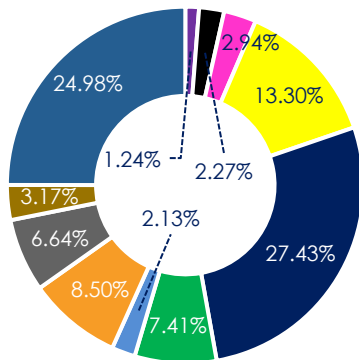
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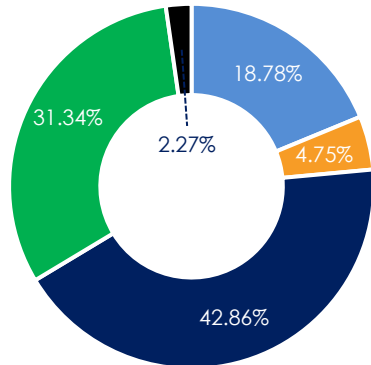
PORTFOLIO BREAKDOWN[#]

SECTOR BREAKDOWN



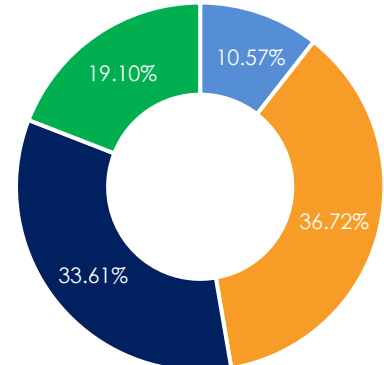
- Agencies
- Consumer Staples
- Financial
- Semi Government
- TMT
- Utilities
- Cash
- Educational Services
- Real Estate
- Supranational
- Transportation & Logistics

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[#]

Credit spreads widened sharply in early April as equity markets deteriorated. Using Australian Major Bank 5yr senior spreads as a reference, levels widened from 83bps on April 1st to 110bps by April 9th. However, as President Trump began to unwind his tariff measures, spreads retraced, finishing the month at 90bps. A similar trajectory played out in subordinated debt, with 5yr call spreads widening from 160bps to 210bps before recovering to 180bps by month-end. Interestingly, credit default swap indices were less volatile than anticipated. Much of the move had already occurred in March as markets priced in the risk of "Liberation Day." While month-on-month changes were modest, this masked intra month moves. iTraxx Australia, for instance, peaked at 110bps on April 9th. Given the central role of the U.S. in tariff escalation and the potential domestic impact, it was somewhat surprising to see CDX US IG spreads peak at only 85bps, before tightening to 67bps by the end of April.

AS AT 30 TH APRIL 2025	PRICE	CHG ON MTH
ITRAXX AUSTRALIA 5YR	0.91%	0.03%
ITRAXX EUROPE 5YR	0.67%	0.03%
ITRAXX EUROPE XOVER 5YR	3.42%	0.14%
CDX US IG 5YR	0.67%	0.06%
CDX US HY 5YR	4.05%	0.29%

METRICS FOR THE UNDERLYING FUND[#]

The Underlying Fund's MoM metrics were largely unchanged. Given the longer than benchmark interest rate duration (IRD) positioning and the portfolio's high credit quality, Artesian remained comfortable with its composition throughout the period of volatility. While the longer IRD helped offset some of the impact from widening credit spreads, it was not sufficient to fully counter the drag on performance from credit. Credit spreads peaked on April 9th and have since stabilised and begun to tighten. Amid heightened volatility, the primary market remained largely closed during April, leading to reduced trading volumes for the Underlying Fund. However, the United States and European primary markets have since reopened, and Artesian expects the Australian market to follow in early May. Artesian is encouraged by their recent engagement with potential labelled bond issuers who are considering entering the AUD market.

AS AT 30 TH APRIL 2025	FUND	BENCH-MARK
INTEREST RATE DURATION	2.58	2.38
CREDIT DURATION	3.00	2.38
YIELD TO MATURITY	4.40%	3.65%
YIELD TO WORST	4.35%	3.65%
BLOOMBERG COMPOSITE RATING (weighted average)	A	AA+

[#]Using the Morningstar methodology for Average Credit Quality

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Amid widening credit spreads and elevated market volatility, the labelled AUD new issue market was very quiet in April. Just the two AUD labelled bonds issued in for total volume 2.75b.

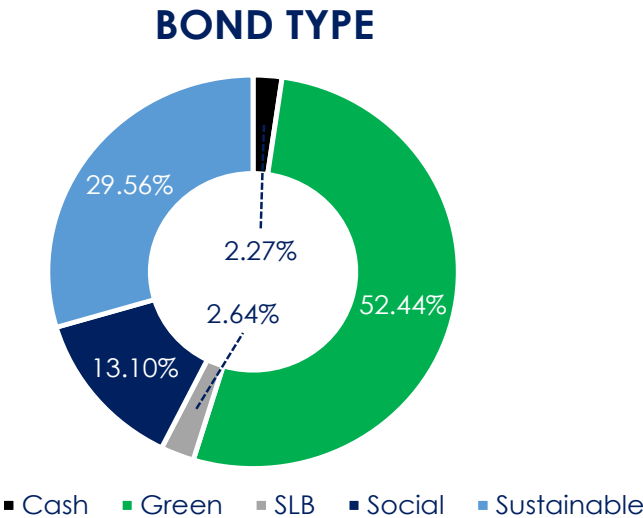
ISSUER	Bond Type	Issue Date	Issue Size \$M	Fixed/ Floating	Maturity
SOUTH AUSTRALIA POWER NETWORKS	Green	19-Mar-25	285	Fixed	27-Mar-28
		19-Mar-25	250	Fixed	27-Mar-35

Issuer	SA Power Networks
Currency	AUD
Sector	Utility
SDG Alignment	
Eligible Projects	<ul style="list-style-type: none">Distribution assets (Stobie poles, powerlines and underground cables, and streetlights).Consumer energy resources (including residential and commercial solar and wind generation, storage batteries, virtual power plants (VPP) and electric vehicles (EVs)).Distribution System Operator capabilities.Smart metering and network management.Energy storage solutions (such as batteries, VPPs, EVs, large, embedded generators and microgrids).

March 19th South Australia Power Network (ETSA) launched a new dual-tranche AUD denominated green bond. ESTA was the first Australian non-financial corporate issuer in 2024 and also again in 2025.

- The reported use of proceeds will potentially include:
- Annual GHG emissions reduced/avoided in tonnes of CO₂e.
 - Capacity of renewable energy plant(s) to be served by distribution systems (MW).
 - Percentage of renewable energy capacity in South Australia.
 - Number of customers with new Consumer Energy Resources.
 - Annual energy savings in MWh/GWh (electricity and GJ/TJ (other energy savings)).
 - Number of clean vehicles deployed (e.g. electric).

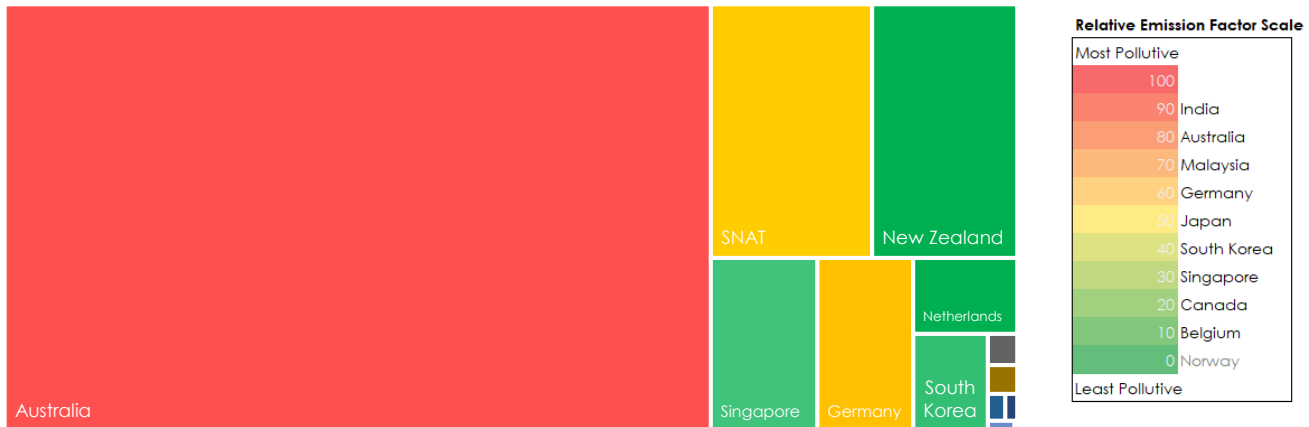
GREEN, SUSTAINABLE AND SOCIAL HOLDINGS#





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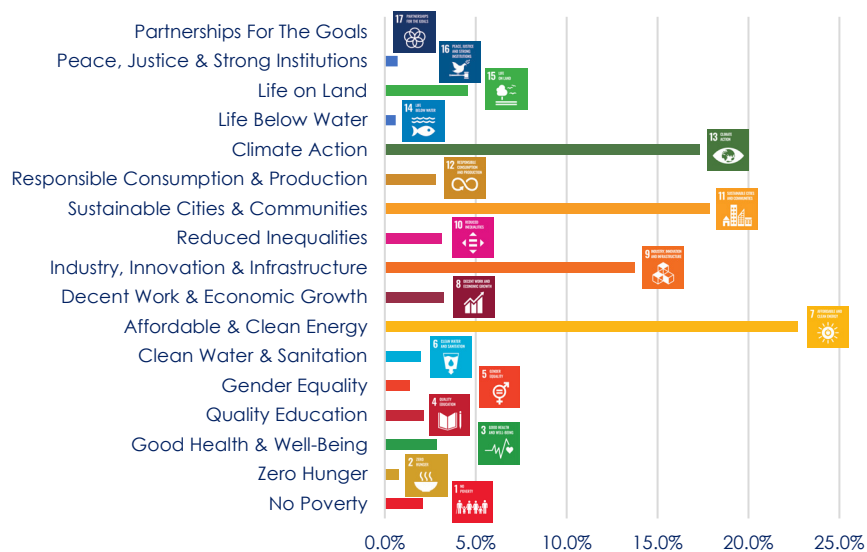
ALLOCATION OF FUNDS IN THE UNDERLYING FUND#



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

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 Fund is most aligned with Clean Energy, Climate Action and Sustainable Cities, making up 57% of the Underlying Fund's targeted SDGs. The Fund currently supports 17 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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