MONTHLY UPDATE

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 and 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. In this document, we refer to the Artesian Green and 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.

AS AT 31ST JULY 26	FUND PERFORMANCE						
	1 month	3 months	6 months	1 year	2 year	3 year	Since Inception (p.a.)
ARTESIAN GREEN & SUSTAINABLE BOND FUND (NZD) GROSS	0.02%	1.65%	1.12%	1.35%	3.77%	4.99%	5.09%
ARTESIAN GREEN & SUSTAINABLE BOND FUND (NZD) NET*	-0.17%	1.34%	0.56%	0.22%	2.58%	3.84%	3.95%
ARTESIAN GREEN & SUSTAINABLE BOND FUND PIR RETURN (NZD)**	-0.03%	1.49%	0.80%	0.71%	3.12%	4.33%	4.42%
BLOOMBERG AUSBOND COMPOSITE 0-5YR INDEX 100% NZD HEDGED	-0.09%	1.30%	0.81%	0.47%	2.68%	3.77%	3.91%

**Artesian Green and 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 and 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.*

AS AT 31ST JULY 26	PERFORMANCE OF THE UNDERLYING FUND								
	1 month	3 months	6 months	1 year	2 year	3 year	4 year	5 year	Since Inception (p.a.)
GROSS FUND RETURN	0.19%	2.16%	1.99%	2.71%	4.60%	5.26%	4.72%	2.95%	3.11%
NET FUND RETURN	0.15%	2.03%	1.74%	2.20%	4.08%	4.74%	4.20%	2.43%	2.59%
BLOOMBERG AUSBOND COMPOSITE 0-5 YR Index	0.08%	1.82%	1.78%	2.02%	3.60%	4.00%	3.20%	1.69%	1.54%
ACTIVE RETURN (net Fund return - benchmark)	0.07%	0.22%	-0.05%	0.18%	0.48%	0.73%	1.00%	0.74%	1.05%

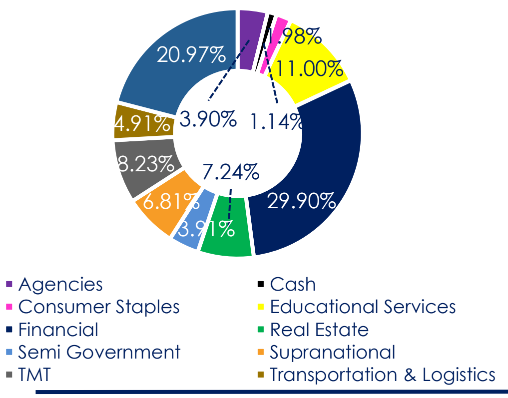
Past performance should not be taken as an indicator of future performance. Net of fees performance is based on end of month redemption prices after the deduction of fees and expenses and the reinvestment of all distributions. Gross performance is the net return with fees and expenses added back.

PORTFOLIO UPDATE#

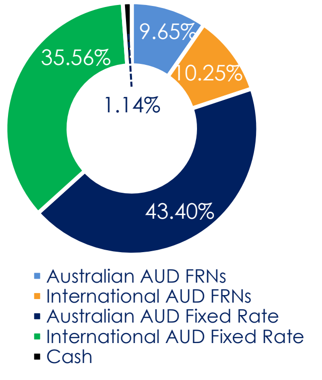
July saw markets continue to balance resilient labour markets against slowing economic growth and persistent inflation. With energy prices stabilising following the sharp volatility experienced earlier in the year, investor focus shifted back towards underlying inflationary pressures and the outlook for monetary policy. In Australia, the RBA held no meeting in July, with the next decision due on 11th August. Softer than expected inflation data released 29th July would have been a welcome surprise for the RBA. With CPI Trimmed Mean (RBA's preferred measure) coming in at 3.6% versus 3.7% expected by the market. This led to a wave of investment banks scrapping their calls for future interest rate hikes. In Europe, the ECB left its deposit rate unchanged at 2.25%, pausing just six weeks after its first rate rise in almost three years to assess how the Middle East energy disruption might feed through to prices. Encouragingly, eurozone inflation eased to 2.8% in June from 3.2% in May, its first decline this year, while core inflation slowed to 2.4%. In the United States, the Fed kept rates at 3.50% to 3.75% at its 29th July meeting, though three regional presidents (Hammack, Kashkari and Logan) dissented in favour of a hike as inflation stayed above target. Chair Kevin Warsh again struck a hawkish tone, describing inflation as "a choice" and reiterating there is "no soft inflation target." The Underlying Fund's outperformance versus benchmark in July was driven by the overweight credit duration positioning (credit spreads were lower/tighter). The Underlying Fund's overweight interest rate duration positioning was a detractor versus benchmark (interest rates were higher/wider). The Underlying Fund's running yield of 5.33% versus the benchmark's 4.71%, had a positive contribution to this month's return. Outperformance came from the Underlying Fund's positions in Lloyds Banking Group (Green), Transpower (Green), MTR Corp (Green), Optus Finance (Sustainability-Linked) and Mercury NZ (Green). Underperformance came from the Underlying Fund's positions in Bank Australia (Sustainable), OCBC (Green), Korea Development Bank (Green) and Korea Housing Finance Corporastion (Social).

PORTFOLIO BREAKDOWN#

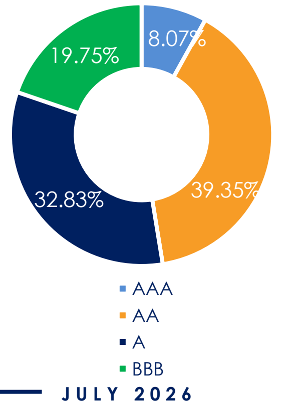
SECTOR BREAKDOWN



REGION & PRODUCT



CREDIT RATING



CREDIT SPREADS#

Credit default swap (CDS) indices, which are commonly used by investors to hedge credit portfolios without selling the underlying bonds, drifted wider throughout July. Despite this more cautious tone in derivative markets, cash corporate bond spreads proved relatively resilient against the familiar backdrop of escalating geopolitical tensions in the Middle East. On average, Australian dollar investment grade credit spreads tightened by 1bp to 104bps. In comparison, euro denominated spreads also tightened by 1bp to 79bps, while US dollar investment grade spreads widened by 5bps to 79bps. One notable trend continues to be the divergence in credit performance across the technology sector, with hyperscalers remaining a key area of investor focus. Heavy debt issuance to fund the ongoing build out of AI infrastructure has continued to place modest widening pressure on their credit spreads. Reflecting growing investor interest, Goldman Sachs and JPMorgan have recently launched tradable baskets allowing investors to express targeted long or short views.

AS AT 31ST JULY 2026	PRICE	CHG ON MTH
ITRAXX AUSTRALIA 5YR	0.71%	0.03%
ITRAXX EUROPE 5YR	0.54%	0.02%
ITRAXX EUROPE XOVER 5YR	2.61%	0.16%
CDX US IG 5YR	0.53%	0.02%
CDX US HY 5YR	3.12%	0.07%

UNDERLYING FUND METRICS#

Primary market activity was relatively subdued during July, which was reflected in lower trading volumes. Following the recent rally in credit spreads and against a backdrop of renewed geopolitical uncertainty in the Middle East, we took the opportunity to modestly reduce credit duration by selling longer dated corporate bonds. As the conflict in the Middle East escalated, concerns over the potential closure of the Strait of Hormuz drove government bond yields sharply higher on fears of renewed energy driven inflation. We viewed this move as an attractive opportunity to add interest rate duration through 3yr Australian Government Bond futures. Shortly after increasing duration, reports emerged of potential US Iran ceasefire talks, while Australian inflation data surprised to the downside. Together, these developments triggered a strong rally in government bonds, with Australian 3yr yields declining approximately 15bps, from 4.70% to 4.55% by month end.

AS AT 31ST JULY 2026	FUND	BENCH-MARK
INTEREST RATE DURATION	2.46	2.41
CREDIT DURATION	3.08	2.41
YIELD TO MATURITY	5.34%	4.71%
YIELD TO WORST	5.33%	4.71%
BLOOMBERG COMPOSITE RATING (weighted average)	A	AA+

Using the Morningstar methodology for Average Credit Quality

NEW ISSUES

July is seasonally a slower month for new issue volumes, and this year was no different. In the AUD market, we recorded two increases to existing bonds, from KfW Bankengruppe and the South Australian Government Financing Authority (SAFA). SAFA increased the below bond by raising a further AUD 1.5b taking the total outstanding to AUD 4.446b.

ISSUER	Bond Type	Issue Date	Issue Size $M	Fixed/ Floating	Maturity
SOUTH AUSTRALIAN FINANCING AUTHORITY	Sustainable	7-Aug-25	4,446	Fixed	24-May-35

Issuer	SAFA South Australian Government Financing Authority
Currency	AUD
Sector	Semi-Government
SDG Alignment	
Eligible Projects	The proceeds will be allocated to SAFA's expenditure towards projects that address one or more of the following five areas; • Socioeconomic advancement • Empowerment & affordable housing • Renewable energy • Clean transportation, • Affordable basic infrastructure • Pollution prevention and control

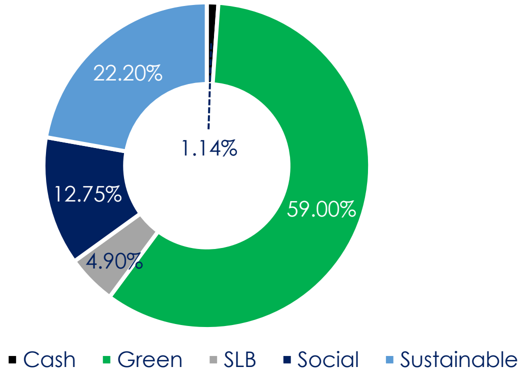
In February 2024, the South Australian Financing Authority (SAFA) labelled 10 of its existing bonds as Sustainable. Since then, SAFA has only issued Sustainable bonds and has discontinued issuing regular, non-labelled bonds.

SAFA intends to notionally allocate an amount equivalent to the net proceeds raised from the issuance of Sustainable Bonds to finance and/or refinance, in whole or in part, green and/or social expenditures that meet the eligibility criteria set out in its sustainable bond framework.

The Semi-Government sector has continued to grow over the past few years, with South Australia, Queensland, New South Wales, Victoria and Western Australia all issuing in labelled bond format.

GREEN, SUSTAINABLE & SOCIAL#

BOND TYPE



CARBON ABATEMENT#

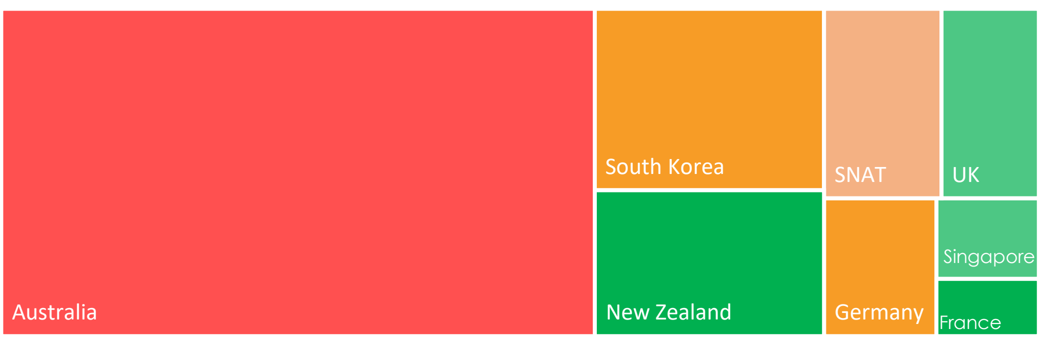
	Underlying Fund
July's estimated carbon abatement	345 tCO2e*
Since inception estimated carbon abatement[1]	69,646 tCO2e*
% of Underlying Fund used in this estimation	27%

One of the primary goals for the Underlying 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 27% of the Underlying Fund used to calculate the carbon abatement.

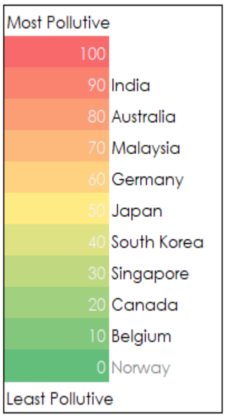
Equivalent to **31,436 cars**** off the road for a year, since Underlying Fund inception

ALLOCATION OF FUNDS IN UNDERLYING FUND#

Where the Underlying Fund's capital is deployed compared to how dirty each country's electricity grid is



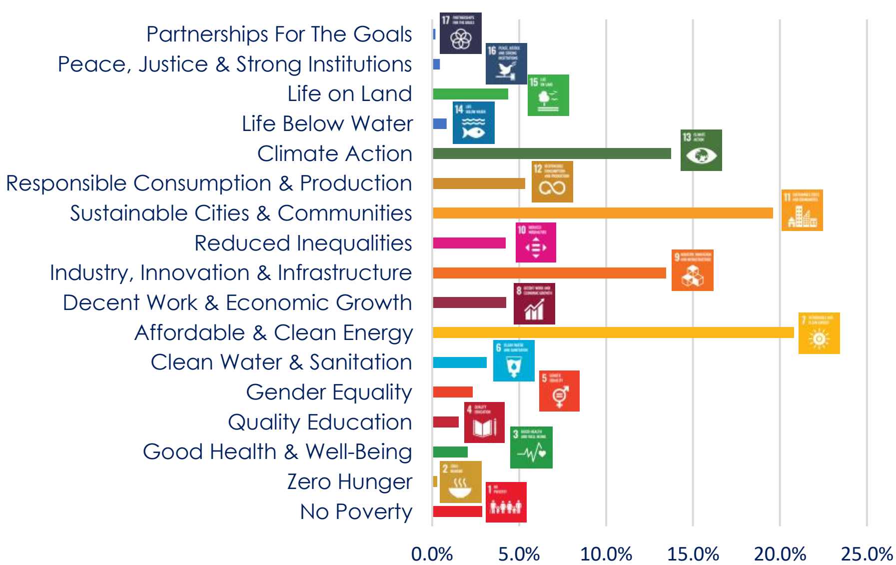
Relative Emission Factor Scale



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

The heatmap above shows which countries the Underlyingg 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, 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 Underlying Fund is most aligned with Clean Energy, Climate Action and Sustainable Cities, making up 54% of the Underlying Fund's targeted SDGs. The Underlying Fund currently supports 17 of the 17 SDGs.

IMPACT SINCE INCEPTION#

171,842

Trips made on clean & sustainable transportation.

319,584,040

Litres of water saved.

31,199

Square metres of green energy efficient buildings financed.

812

People provided with access to water & sanitation.

34

Affordable housing dwellings financed.

3,370

People provided with access to education.

90%

Female representation on board of Fund holdings.

301

Jobs created or preserved.

48%

Fund bond issuers supporting TCFD.

8%

Fund bond issuers supporting PCAF.

78%

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 Underlying 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].*

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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