



ARTESIAN GREEN AND SUSTAINABLE BOND FUND (NZD)

MONTHLY REPORT: AUGUST 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	2 Yr	Since Inception
Artesian Green & Sustainable Bond Fund (NZD)*	0.48%	0.84%	4.69%	5.44%	5.74%
Artesian Green & Sustainable Bond Fund PIR Return (NZD)**	0.48%	1.12%	5.30%	5.95%	6.21%
Bloomberg AusBond Composite 0-5 Yr Index 100% Hedged to NZD	0.32%	0.76%	4.38%	5.21%	5.51%

*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	0.60%	1.47%	3.69%	6.35%	6.39%	5.77%	3.16%	3.27%
Net Fund Return	0.56%	1.34%	3.43%	5.82%	5.86%	5.24%	2.65%	2.74%
Bloomberg AusBond Composite 0-5 Yr Index	0.37%	0.91%	2.86%	4.76%	4.84%	4.09%	1.70%	1.50%
Active Return (net Fund return - benchmark)	0.19%	0.44%	0.57%	1.05%	1.03%	1.15%	0.94%	1.25%

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#

August was another eventful month, shaped by AI driven equity rallies, geopolitical shocks and central bank controversies. Despite the turbulence, risk assets performed well, with equities rallying and credit spreads tightening on strong corporate earnings. Trade headlines were a central theme, as a U.S.-India dispute escalated into a full trade crisis. The U.S. introduced a 25% tariff on Indian goods in early August and later in the month doubled the rate to 50%, in response to India's continued imports of Russian oil. This sharp escalation unsettled global markets and raised fresh concerns about supply chains and inflationary pressures. Concerns around central bank independence in the U.S. also rose as President Trump, after repeatedly pressuring the Chair to cut rates, sought to remove a Federal Reserve Governor. In Australia, the RBA delivered its third rate cut of the year on 12 August, lowering the cash rate to 3.60%. However, a CPI release later in the month surprised to the upside at 2.8% year-on-year versus expectations of 2.3%, leading markets to scale back expectations of further easing in September.

The Underlying Fund's outperformance versus benchmark in August was driven by the overweight credit duration positioning (credit spreads were lower/tighter) and overweight interest rate duration positioning (interest were lower/tighter). The Underlying Fund's running yield of 4.19% versus the benchmark's 3.62%, also contributed to the monthly outperformance versus benchmark.

Outperformance in July came from the Underlying Fund's positions in Mercury (Green), Contact Energy (Green), ENBW (Green), Transpower (Green) and Optus (Sustainability-Linked). Underperformance came from the Underlying Fund's positions in BPCE SA (Social) and Housing Australia (Social).

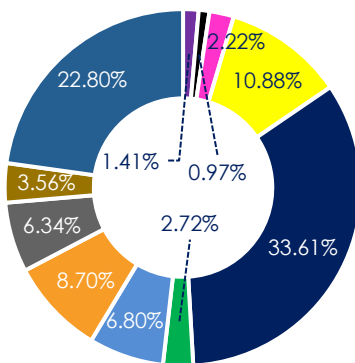
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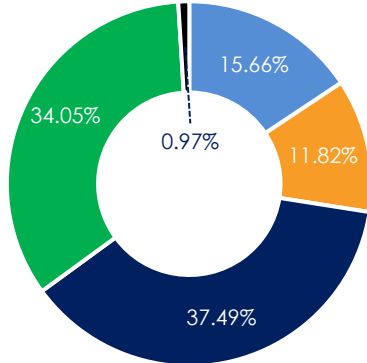
PORTFOLIO BREAKDOWN#

SECTOR BREAKDOWN



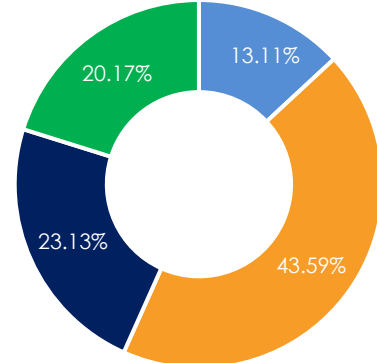
- Agencies
- Consumer Staples
- Financial
- Semi Government
- TMT
- Utilities
- Cash
- Educational Services
- Real Estate
- Supranational
- Transportation & Logistics

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#

Global credit indices edged marginally tighter over the month. Within corporate bond markets, Australian dollar spreads stood out, rallying by 5bps, while European spreads widened by 5bps and U.S. spreads widened by 3bps. On a relative value basis, Australian spreads remain the most attractive, averaging 130bps compared with 84bps in Europe and 76bps in the U.S. Importantly, while Australian spreads are the widest, they are also characterised by shorter duration and, on average higher credit quality. Taken together, the wider spread levels, higher credit quality and lower duration create a favourable risk-adjusted return profile. This continues to support Artesian's preference for AUD denominated bonds, and Artesian believe that the combination of attractive valuations and defensive characteristics should allow Australian credit to remain well positioned relative to global peers.

AS AT 31 ST AUGUST 2025	PRICE	CHG ON MTH
ITRAXX AUSTRALIA 5YR	0.67%	-0.01%
ITRAXX EUROPE 5YR	0.56%	0.02%
ITRAXX EUROPE XOVER 5YR	2.68%	-0.01%
CDX US IG 5YR	0.51%	0.00%
CDX US HY 5YR	3.22%	-0.01%

METRICS FOR THE UNDERLYING FUND#

The Underlying Fund's interest rate duration (IRD) was marginally lower month on month, finishing August at 2.64yrs. The Underlying Fund's credit duration declined slightly as Artesian realised profits on some longer-dated, higher-beta securities and reallocated the proceeds into shorter-dated, lower-beta corporate bonds. Selling into strength as the market continues to rally remains Artesian's strategy as the Underlying Fund positions the portfolio for the next cycle in credit spreads. Technical conditions for fixed income remain highly supportive, particularly in Australian dollar credit. This month, Artesian observed record order volumes exceeding AUD 10 billion for new deals, a reflection of several important drivers. First, Artesian sees evidence of rotation away from U.S. dollar assets. Second, Australian yields are attractive in absolute terms. Finally, Australia's political and economic stability stands out positively against the backdrop of ongoing volatility in both Europe and the United States.

AS AT 31 ST AUGUST 2025	FUND	BENCH-MARK
INTEREST RATE DURATION	2.64	2.34
CREDIT DURATION	3.20	2.34
YIELD TO MATURITY	4.25%	3.62%
YIELD TO WORST	4.19%	3.62%
BLOOMBERG COMPOSITE RATING (weighted average)	A	AA+

*Using the Morningstar methodology for Average Credit Quality

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In August, Artesian recorded four new AUD deals from four unique issuers for a total volume of AUD 4.35b. Below, the Underlying Fund highlights the International Development Association Sustainable Development Goal bond Artesian added to the Underlying Fund in August.

ISSUER	Bond Type	Issue Date	Issue Size \$M	Fixed/ Floating	Maturity
INTERNATIONAL DEVELOPMENT ASSOCIATION	Sustainable	20-Aug-25	1,500	Fixed	29-Aug-30

Issuer	 IDA International Development Association WORLD BANK GROUP
Currency	AUD
Sector	Supranational
SDG Alignment	       
Eligible Projects	<ul style="list-style-type: none"> Improve health care, nutrition, and childhood development. Improve equitable access to education, raise students' retention and completion rates, improve learning conditions in schools, train teachers and improve their foundational skills. Advance food security. Strengthen social security, pension, and legal systems. Support and improve access to affordable housing through regulatory and policy reform and improving access to finance.
Indicative Target Populations	

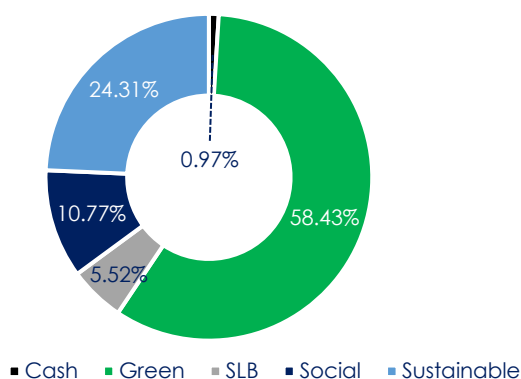
International Development Association operates as the extension of the World Bank that assists the world's most poverty-stricken countries. The Association attempts to reduce poverty by providing interest-free credits and grants for programs that help increase economic growth, reduce inequalities, and improve citizen's living conditions.

Established in 1960, IDA complements the World Bank's original lending arm, the International Bank for Reconstruction and Development (IBRD). Today, it comprises 175 member countries. It is one of the largest sources of assistance for the 78 low-income countries and the single largest source of donor funds for essential social services in these nations.

All IDA bonds support the financing of a combination of green and social, i.e. "sustainable development", projects, programs and activities in IDA member countries.

GREEN, SUSTAINABLE AND SOCIAL HOLDINGS#

BOND TYPE



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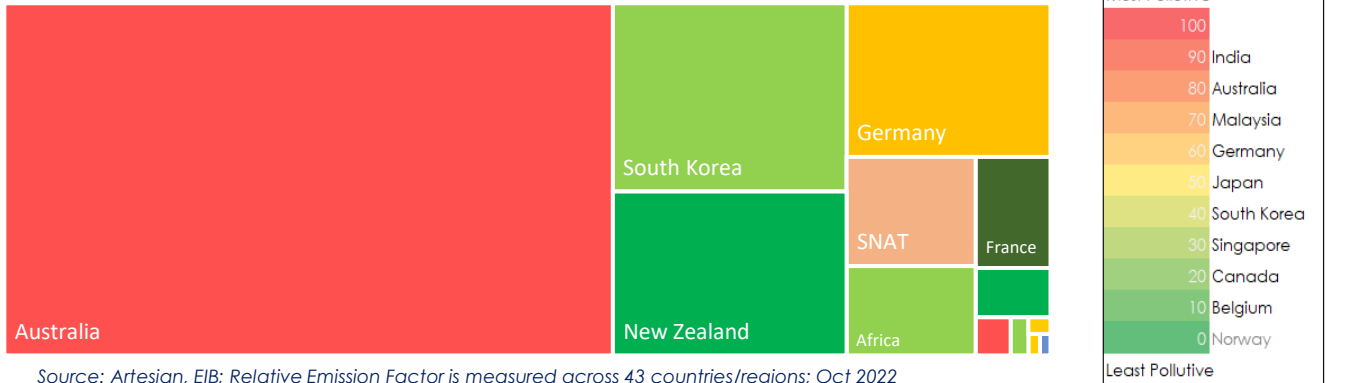
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ALLOCATION OF FUNDS IN THE UNDERLYING FUND#

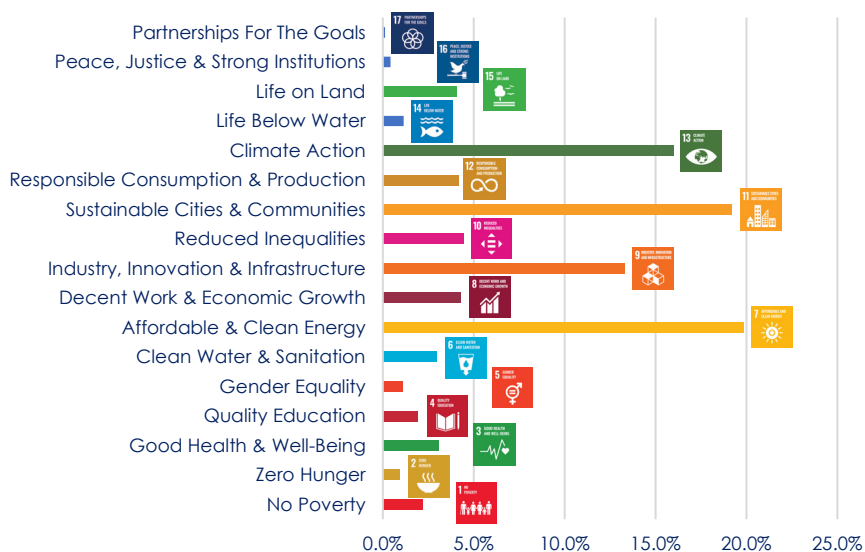
Where the Underlying Fund's capital is deployed compared to how dirty each country's electricity grid is



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, 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 55% 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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