



ARTESIAN GREEN AND SUSTAINABLE BOND FUND (NZD)

MONTHLY REPORT: JUNE 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.

***Please see page 5 for information relating to an infringement notice issued in Australia recently in relation to the Underlying Fund.**

PERFORMANCE	1 Mth	3 Mth	1 Yr	2 Yr	Since Inception
Artesian Green & Sustainable Bond Fund (NZD)*	0.41%	1.71%	6.58%	6.05%	6.01%
Artesian Green & Sustainable Bond Fund PIR Return (NZD)**	0.41%	1.80%	7.07%	6.41%	6.37%
Bloomberg AusBond Composite 0-5 Yr Index 100% Hedged to NZD	0.43%	1.78%	6.46%	5.89%	5.81%

* 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	0.54%	2.22%	4.02%	7.61%	6.85%	5.71%	3.01%	3.19%
Net Fund Return	0.50%	2.09%	3.76%	7.07%	6.32%	5.18%	2.50%	2.66%
Bloomberg AusBond Composite 0-5 Yr Index	0.48%	1.97%	3.35%	6.34%	5.35%	4.09%	1.70%	1.46%
Active Return (net Fund return - benchmark)	0.03%	0.12%	0.41%	0.73%	0.97%	1.10%	0.80%	1.21%

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#

Whilst geopolitical risks were extremely elevated throughout June, risk markets remained relatively calm. Escalating tensions in the Middle East, expectations of further policy easing in China due to weak data and continuing political tensions in France, increased volatility in global credit and bond markets. The ECB and Bank of Canada both cut interest rates. The RBA remained on hold, but softening economic data will likely lead to another cut in July. European and U.S. corporate credit spreads outperformed, while higher-beta AUD corporate spreads lagged the move tighter. July promises to be an interesting month as we approach the July 9th tariff deadline and then head into the corporate reporting season.

The Underlying Fund's outperformance versus benchmark in June 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 4.30% versus the benchmark's 3.55%, also contributed to the monthly outperformance versus benchmark.

Outperformance in June came from the Underlying Fund's positions in BPCE SA (Social), Korea Housing Finance (Social), Australian Portal Corporation (Sustainable), Optus Finance (SLB) and Macquarie University (Sustainable). Underperformance came from the Underlying Fund's positions in the Australian Catholic University (Sustainable), Contact Energy (Green), Mercury (Green), ANZ (Sustainable) and NBN (Green).

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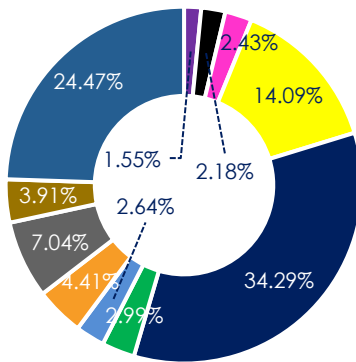
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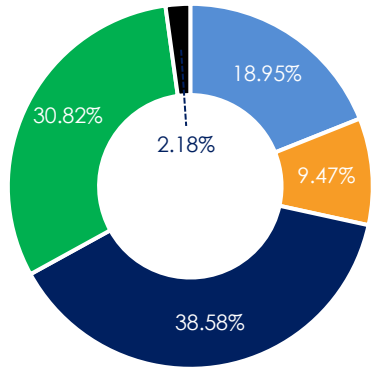
PORTFOLIO BREAKDOWN#

SECTOR BREAKDOWN



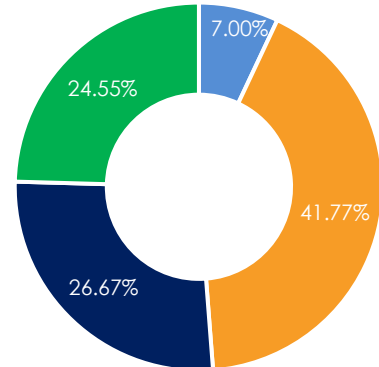
- Agencies
- Consumer Staples
- Financial
- Semi Government
- TMT
- Utilities
- Cash
- Educational Services
- Real Estate
- Supranational
- Transportation & Logistics

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#

The average AUD investment grade (IG) corporate bond credit spread finished the month 3bps wider at 119bps. However, the average IG credit spread in EUR finished 8bps tighter at 92bps, and the US rallied to finish 5bps tighter at 83bps. For context, those same spreads began the year at 109bps in AUD, 92bps in EUR, and 90bps in USD. Therefore, year-to-date, AUD spreads are +10bps, EUR is unchanged, and USD is -7bps. Based on current developments in Europe and the US, AUD spreads look quite cheap which should bring in offshore relative value buyers. From mid-June onwards, the new issue market was very quiet, resulting in a bid for bonds in the secondary market which led to tighter spreads. The new issue market will likely reopen in the new financial year with elevated levels of issuance, which should help put a floor under spreads in the near term.

AS AT 30 TH JUNE 2025	PRICE	CHG ON MTH
ITRAXX AUSTRALIA 5YR	0.74%	-0.02%
ITRAXX EUROPE 5YR	0.55%	-0.03%
ITRAXX EUROPE XOVER 5YR	2.83%	-0.18%
CDX US IG 5YR	0.51%	-0.05%
CDX US HY 5YR	3.18%	-0.33%

METRICS FOR THE UNDERLYING FUND#

The interest rate duration (IRD) of the Underlying Fund was marginally lower MoM. Australian Government 3yr yields have been trading within a 25bp range between 3.25% and 3.50% since mid-May. The RBA next meets on the 8th of July, and a 25bp cut is fully priced in. Governor Bullock's statement will likely drive the next move in front-end yields, particularly if she delivers a dovish cut. Meanwhile, in the United States, tariffs are expected to create short-term upward pressure on prices. Combined with a weakening U.S. dollar, this could result in higher inflation and interest rate expectations. In this scenario, Australian interest rates would likely follow U.S. rates higher. However, over the longer term, tariffs are likely to have a deflationary impact as demand cools in response to higher prices. The Underlying Fund's credit duration marginally lengthened MoM. Notably, BBSW has been declining in line with lower future cash rate expectations, finishing June 12bps lower at 3.60%. This contributed to the Underlying Fund's yield to maturity falling 8bps to 4.30%.

AS AT 30 TH JUNE 2025	FUND	BENCH - MARK
INTEREST RATE DURATION	2.40	2.4
CREDIT DURATION	3.21	2.4
YIELD TO MATURITY	4.30%	3.55%
YIELD TO WORST	4.26%	3.55%
BLOOMBERG COMPOSITE RATING (weighted average)	A	AA+

*Using the Morningstar methodology for Average Credit Quality

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In June, Artesian recorded three new AUD deals from three unique issuers for a total volume of AUD 2.2b. The below BPCE deal rallied an impressive 23bps by month end.

ISSUER	Bond Type	Issue Date	Issue Size \$M	Fixed/ Floating	Maturity
GRUPE BPCE	Social	3-Jun-25	500	Fixed	12-June-35

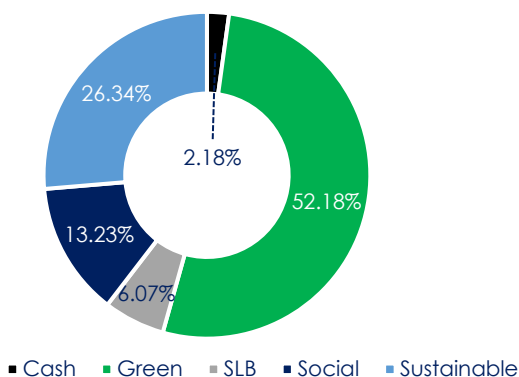
Issuer	 BPCE
Currency	AUD
Sector	Financials
SDG Alignment	
Eligible Projects	<ul style="list-style-type: none"> Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises, including through the potential effect of SME financing and microfinance. Workers, not for profit entities and small enterprise owners in socioeconomically disadvantaged areas in order to promote growth and employment creation of local businesses and entrepreneurship initiatives.
Indicative Target Populations	

BPCE intend to allocate an amount equal to the net proceeds of the issuance of the subordinated notes to finance or refinance, in whole or in part, new and/or existing loans granted to clients whose activities contribute to local economic development across the employment conservation and creation category "Eligible Social Assets", as further elaborated in their Social Funding Framework.

Such loans will be chosen according to the selection criteria set out in the Social Funding Framework. During the life of the subordinated notes, pending the allocation of the net proceeds for investment in such Eligible Social Assets, the issuer will temporarily invest such net proceeds, at its discretion, in cash and/or cash equivalents. Throughout the term of the subordinated notes, they will monitor the Eligible Social Assets selection and will publish an annual update on the net proceeds on their website.

GREEN, SUSTAINABLE AND SOCIAL HOLDINGS#

BOND TYPE



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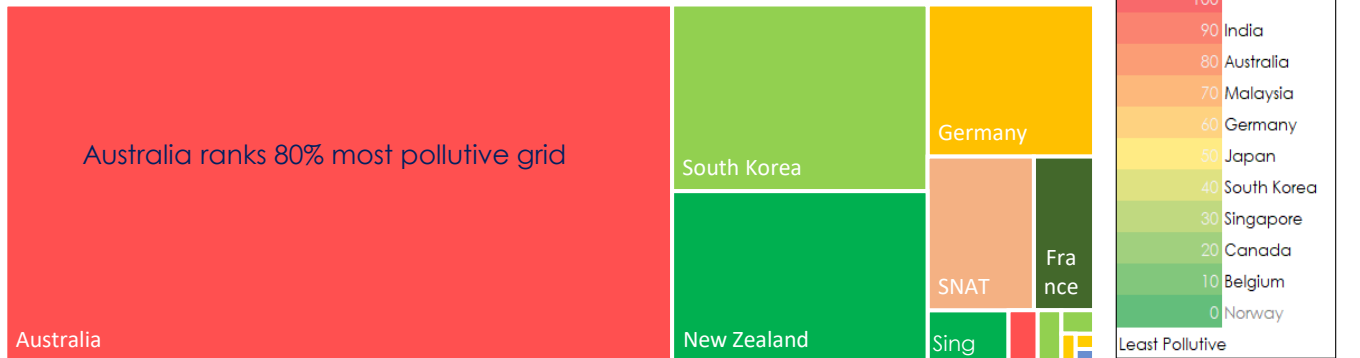
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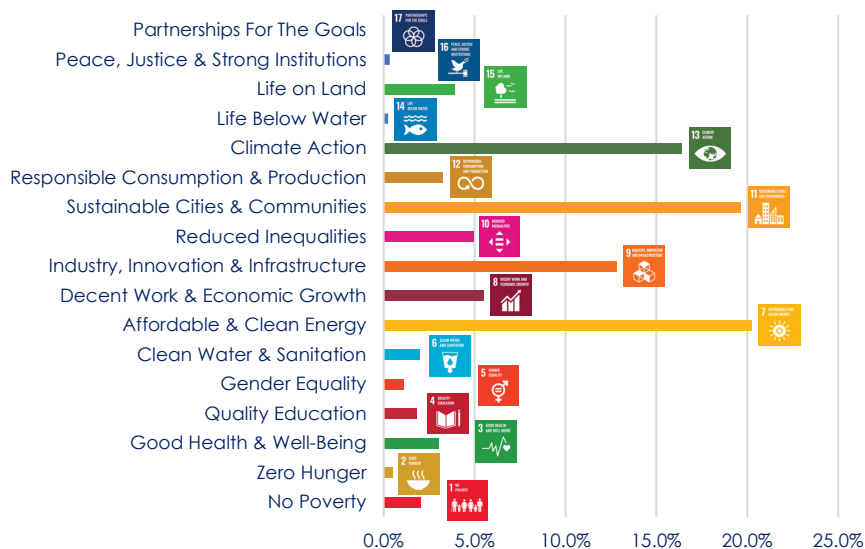
ALLOCATION OF FUNDS IN THE UNDERLYING FUND#

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



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 Underlying Fund is most aligned with Clean Energy, Climate Action and Sustainable Cities, making up 56% of the Underlying Fund's targeted SDGs. The Underlying Fund currently supports 16 of the 17 SDGs.



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***Enforcement action taken in Australia relating to the Underlying Fund**

In May, Australian regulator ASIC issued an infringement notice against Equity Trustees Limited (EQT), the offeror of the Underlying Fund in Australia. ASIC alleged that EQT had made misleading statements about the Underlying Fund in the product disclosure statement, target market determination document and on the relevant website. EQT made no admission of guilt or liability and is not regarded as having contravened the infringement provisions. Further detail can be found [here](#) (See Other Documents Section). We are providing you with these details on an information only basis, and you are not required to take any action as a result of this information. You are of course welcome to contact us if you wish to discuss this matter further.

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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