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For the informed investor.



ARTESIAN GREEN AND SUSTAINABLE BOND FUND (NZD)

MONTHLY REPORT: MARCH 2024

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 corporate 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	6 Mth	Since Inception
Artesian Green & Sustainable Bond Fund (NZD)*	0.68%	1.26%	3.75%	5.28%
Artesian Green & Sustainable Bond Fund PIR Return (NZD)**	0.68%	1.36%	3.89%	5.41%
Bloomberg AusBond Composite 0-5 Yr Index 100% Hedged to NZD	0.70%	1.29%	3.80%	5.25%

*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	Since Inception (p.a.)
Gross Fund Return	0.63%	1.27%	3.83%	4.67%	3.61%	1.50%	1.99%
Net Fund Return	0.59%	1.14%	3.58%	4.15%	3.09%	0.99%	1.47%
Bloomberg AusBond Composite 0-5 Yr Index	0.60%	1.00%	3.25%	2.78%	2.15%	0.21%	0.19%
Active Return (net Fund return - benchmark)	-0.01%	0.14%	0.33%	1.37%	0.94%	0.78%	1.28%

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#

Another solid month of performance for the Underlying Fund in March, only marginally underperforming versus the benchmark. Credit spreads traded in a tight range and are largely unchanged MoM, with a mild widening bias. The broader corporate bond primary market continues to issue record volumes which is putting some resistance against credit spreads drifting tighter for now. Artesian were encouraged to see four new labelled bonds in the AUD market in March, namely European Investment Bank (Sustainable), Kontrollbank (Sustainable), South Australian Government Financing Authority (Sustainable) and Council of Europe (Social).

The Underlying Fund's underperformance versus benchmark in March was driven by the overweight credit duration positioning (credit spreads were marginally higher/wider) and underweight interest rate duration positioning (interest rates were lower/tighter).

Outperformance in March came from the Underlying Fund's positions in Mercury (Green), OCBC (Green), Commonwealth Bank of Australia (Green) and QIC Finance Town Centre Fund (Green). The main contributors to underperformance in March were Optus Finance Pty (SLB), Contact Energy (Green), Transpower (Green) and Australian Catholic University (Sustainable).

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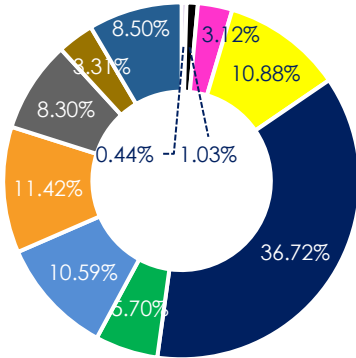
Level 17, HSBC Tower, 188 Quay Street, Auckland 1010
PO Box 105 609, Auckland 1143
Telephone: 0800 944 049 (free call) or +649 925 3990
enquiries@devonfunds.co.nz

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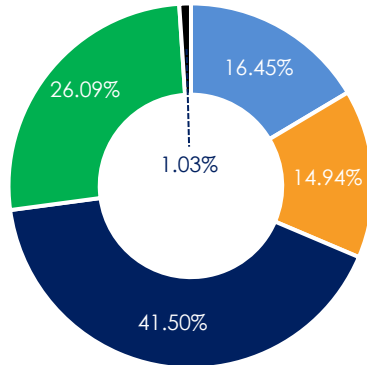
PORTFOLIO BREAKDOWN#

SECTOR BREAKDOWN



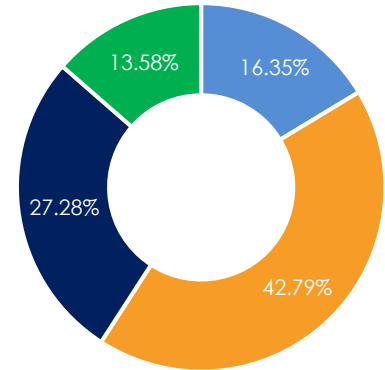
- Agencies
- Consumer Staples
- Financial
- Semi Government
- TMT
- Utilities
- Cash
- Educational Services
- Real Estate
- Supranational
- Transportation & Logistics

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#

Whilst there were pockets of outperformance in credit spreads of new bonds issued in March, credit spreads of existing deals drifted sideways or slightly wider. Major bank 5yr senior credit spreads were unchanged MoM at 90bps (10bps tighter YTD). Major bank 5yr call subordinated credit spreads were 5bps wider MoM at 185bps (10bps tighter YTD). Activity in longer dated corporate bonds has increased along with new issue volumes. Investors are keen to lock in elevated levels of outright yields in 5yr to 10yr maturities, which is leading to flatter credit curves. For the shorter dated maturities <5yrs, Artesian are still very attracted to floating rate notes with BBSW still hovering around the RBA Cash Rate at 4.35%.

AS AT 31 ST MARCH 2024	PRICE	CHG ON MTH
ITRAXX AUSTRALIA 5YR	0.64%	0.00%
ITRAXX EUROPE 5YR	0.54%	-0.01%
ITRAXX EUROPE XOVER 5YR	2.97%	-0.08%
CDX US IG 5YR	0.51%	-0.01%
CDX US HY 5YR	3.30%	-0.10%

METRICS FOR THE UNDERLYING FUND#

Although there was some underlying activity in the Underlying Fund throughout the month, most of the Underlying Fund's metrics remained relatively stable MoM. The primary market was active with increased levels of supply being met by increased levels of demand. For example, South Australian Government Financing Authority issued a 5.25yr Sustainable Bond which attracted AUD +3.5b in orders versus the final issue size of AUD 2b. The interest rate duration (IRD) was marginally lower MoM which now sits at 2.04yrs. 3yr government bond yields have traded in a tight range of 3.50% to 3.85% since the beginning of the year. With the RBA Cash Rate at 4.35%, 3yr yields look appropriately priced, hence the modest IRD positioning of the Underlying Fund at present.

AS AT 31 ST MARCH 2024	FUND	BENCH-MARK
INTEREST RATE DURATION	2.04	2.26
CREDIT DURATION	2.77	2.26
YIELD TO MATURITY	4.70%	4.05%
YIELD TO WORST	4.68%	4.05%
BLOOMBERG COMPOSITE RATING (weighted average)	A	AA+

*Using the Morningstar methodology for Average Credit Quality

Devon Funds Management Limited

Level 17, HSBC Tower, 188 Quay Street, Auckland 1010
 PO Box 105 609, Auckland 1143
 Telephone: 0800 944 049 (free call) or +649 925 3990
 enquiries@devonfunds.co.nz



The positive start to the year for the AUD labelled bond market continued in March. Artesian recorded four new deals from four unique issuers for a total volume of AUD 4.5b in issuance.

ISSUER	Bond Type	Issue Date	Issue Size \$M	Fixed/ Floating	Maturity
SOUTH AUSTRALIAN FINANCING AUTHORITY	Sustainable	14-Mar-24	2,000	Fixed	24-May-29

Issuer	SAFA South Australian Government Financing Authority
Currency	AUD
Sector	Semi-Government
SDG Alignment	
Eligible Projects	<p>The proceeds will be allocated to SAFA's expenditure towards projects that address one or more of the following five areas;</p> <ul style="list-style-type: none"> • Socioeconomic advancement and empowerment & affordable housing • Renewable energy • Clean transportation, affordable basic infrastructure & pollution prevention and control

As Artesian highlighted in February, the South Australian Financing Authority (SAFA) had 10 of its existing bonds labelled as Sustainable.

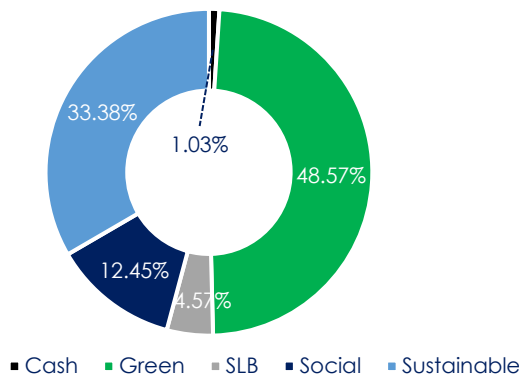
Artesian were quite pleased they wasted no time in issuing their first new labelled bond under their sustainable bond framework in March.

The bond was very well received by the market, a large order book of AUD +3.5b for a AUD 2b deal meant the bonds rallied 6bps into month end.

South Australia now joins Queensland, New South Wales, Victoria and Western Australia as Australian states who issue in labelled bond format.

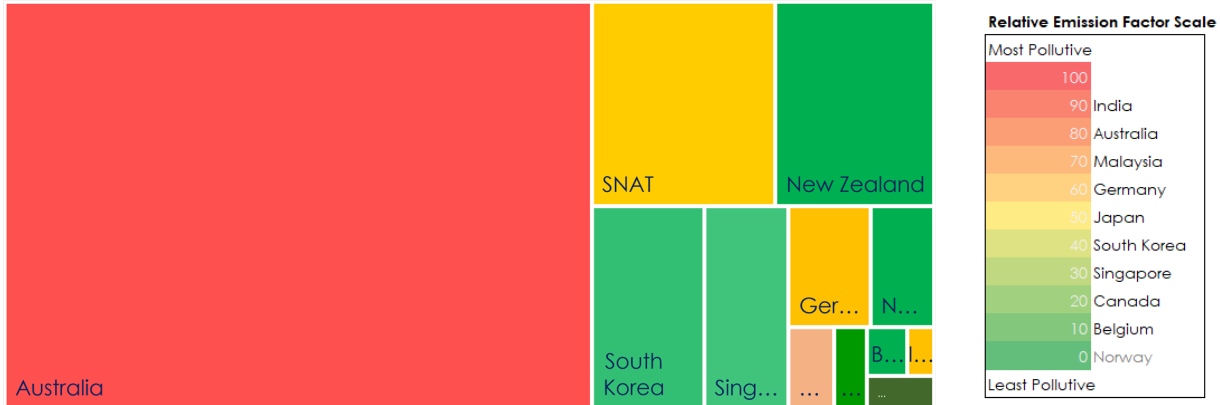
GREEN, SUSTAINABLE AND SOCIAL HOLDINGS#

BOND TYPE





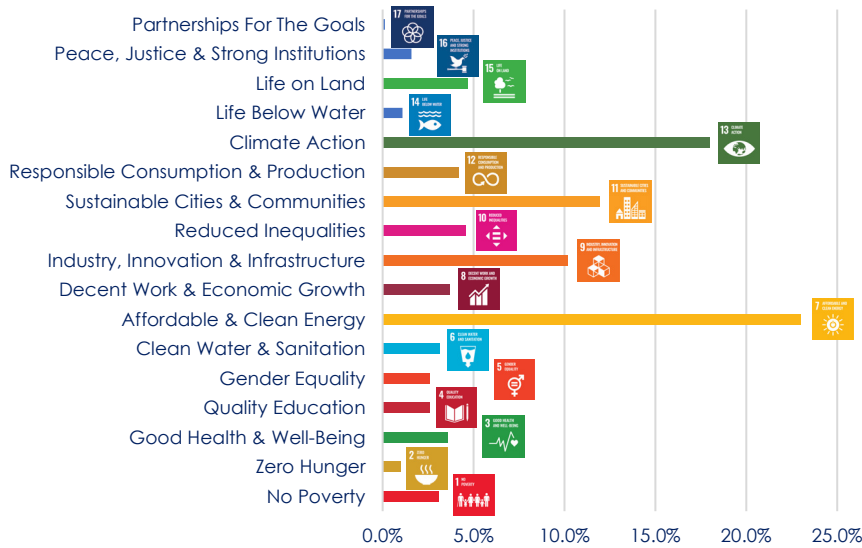
ALLOCATION OF FUNDS IN THE UNDERLYING FUND#



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 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 17 of the 17 SDGs.



MONTHLY UPDATE: MARCH 2023

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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