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For the informed investor.

ARTESIAN GREEN AND SUSTAINABLE BOND FUND (NZD)

MONTHLY REPORT: MARCH 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)*	0.41%	1.41%	5.14%	5.87%
Artesian Green & Sustainable Bond Fund PIR Return (NZD)**	0.41%	1.51%	5.64%	6.22%
Bloomberg AusBond Composite 0-5 Yr Index 100% Hedged to NZD	0.39%	1.26%	4.70%	5.60%

*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	0.51%	1.76%	2.57%	5.99%	5.33%	4.40%	2.60%	2.86%
Net Fund Return	0.47%	1.64%	2.32%	5.46%	4.80%	3.88%	2.09%	2.34%
Bloomberg AusBond Composite 0-5 Yr Index	0.44%	1.36%	1.90%	4.35%	3.56%	2.88%	1.23%	1.10%
Active Return (net Fund return - benchmark)	0.03%	0.28%	0.42%	1.11%	1.24%	1.00%	0.86%	1.24%

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#

Markets in March were driven by headlines surrounding U.S. tariffs which have significant economic and geopolitical implications. On March 4th, tariffs on Chinese imports were increased from 10% to 20%. On March 12th, the U.S. imposed 25% tariffs on all global steel and aluminium imports. Then, on March 26th, a 25% tariff was announced on nearly all imported automobiles, set to take effect on April 3rd. Unsurprisingly, U.S. equity markets continued their decline, significantly underperforming European equities as investors increasingly rotate from the former to the latter. US credit is also underperforming European credit. The U.S. High Yield Index (CDX US HY 5yr) is 65bps wider YTD at 376bps, compared to the European High Yield Index (iTraxx Europe Crossover 5yr), which is only 15bps wider YTD at 328bps.

Given the volatility in interest rate and credit markets, Artesian were pleased with this month's performance. The Underlying Fund's outperformance versus benchmark in March was driven by the overweight interest rate duration positioning (interest were lower/tighter). The Underlying Fund's running yield of 4.63% versus the benchmark's 3.99%, also contributed to the monthly outperformance versus benchmark.

Outperformance in March came from the Underlying Fund's positions in Housing Australia (Social), European Investment Bank (Green), University of Tasmania (Green), QIC Shopping Centre Fund (Green) and Optus (Sustainability-Linked). Underperformance came from the Underlying Fund's positions in ANZ (Green), Power SA (Green), NBN (Green), University of Melbourne (Green) and ENBW (Green).

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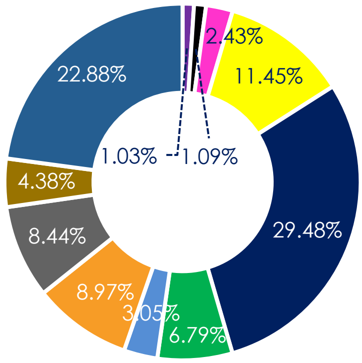
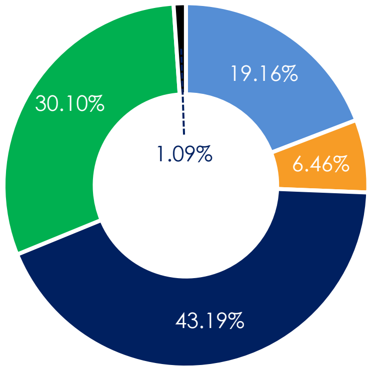
PORTFOLIO BREAKDOWN#

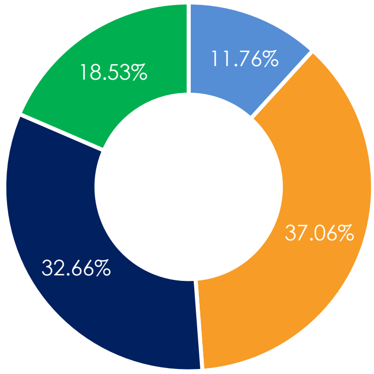
SECTOR BREAKDOWN



REGION & PRODUCT



CREDIT RATING



CREDIT SPREADS#

Credit spreads widened across the board in March, led by weakness in the US high yield market. Within investment grade indices, Australia lagged behind both the US and Europe, with the iTraxx Australia 5yr index widening by 20bps to 88bps. However, the overall deterioration in corporate bond spreads across Australia, Europe, and the US was broadly similar, with MoM widening averaging 7bps to 8bps. In the AUD market, Tier 2 spreads were the worst performers. Major Bank Tier 2 spreads widened by approximately 20bps, while foreign Kangaroo Tier 2 spreads widened by around 30bps. Despite elevated risk and widening spreads, Artesian were pleasantly surprised by the strength of secondary market trading volumes and liquidity. The primary market was active at the start of the month but slowed towards the end, as some corporates were unable to attract sufficient demand to complete new deals. It appears the pendulum is swinging back in favour of investors in the primary market, as issuers in recent times have used strong order books to aggressively tighten pricing.

AS AT 31ST MARCH 2025	PRICE	CHG ON MTH
ITRAXX AUSTRALIA 5YR	0.88%	0.20%
ITRAXX EUROPE 5YR	0.64%	0.10%
ITRAXX EUROPE XOVER 5YR	3.28%	0.39%
CDX US IG 5YR	0.61%	0.12%
CDX US HY 5YR	3.76%	0.68%

METRICS FOR THE UNDERLYING FUND#

The Underlying Fund experienced solid inflows throughout March. These inflows were deployed into the new issue market, resulting in net selling of shorter dated maturities and net buying of longer dated maturities. Consequently, the Underlying Fund's credit duration increased from 2.78yrs to 3.14yrs, above the benchmark of 2.3yrs. While the Underlying Fund's interest rate duration (IRD) remained almost unchanged MoM, Artesian actively managed the IRD throughout the month, which contributed positively to returns. Artesian expects less volume from the new issue market in April, as the market digests all the tariff headlines out of the US. Reduced new issuance should allow dealing desks to clear some inventory which would be healthy for the market. In saying that, it was great to see issuance from recurring labelled bond issuers in March, namely Transpower, Mercury and Power SA .

AS AT 31ST MARCH 2025	FUND	BENCH-MARK
INTEREST RATE DURATION	2.47	2.3
CREDIT DURATION	3.14	2.3
YIELD TO MATURITY	4.68%	3.99%
YIELD TO WORST	4.63%	3.99%
BLOOMBERG COMPOSITE RATING (weighted average)	A	AA+

*Using the Morningstar methodology for Average Credit Quality

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Another solid month for labelled bond issuance in the AUD market. Artesian recorded four new deals from three unique issuers for a total volume of AUD 1.2b. Pleasingly, all new issues this month were non-financial corporates.

ISSUER	Bond Type	Issue Date	Issue Size $M	Fixed/ Floating	Maturity
MERCURY NZ LTD	Green	14-Mar-25	400	Fixed	21-Mar-31

Issuer	Mercury
Currency	AUD
Sector	Utility
Eligible Categories	7 Affordable and clean energy; 8 Decent work and economic growth; 11 Sustainable cities and communities; 13 Climate action
Specific Projects	Renewable Energy; • Wind energy • Hydroelectricity • Geothermal energy • Solar energy. Energy efficiency & electrification; • Energy storage (batteries) • Electrical infrastructure associated with renewable generation. Plus, other clean transportation projects.

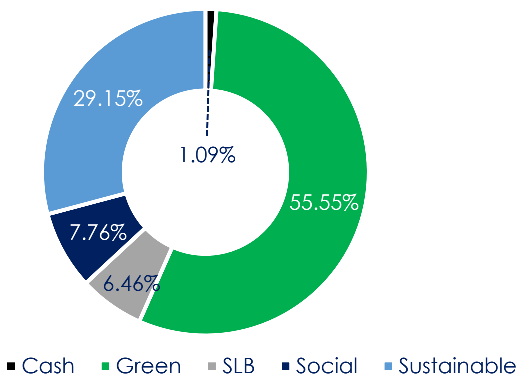
Mercury NZ Limited (Mercury) is a New Zealand based public company, deriving revenue from the production and sale of energy and energy-related services to retail and wholesale customers.

The proceeds of the green bond are intended to be earmarked to finance or refinance new or existing projects and expenditures relating to renewable energy and other Eligible Projects in accordance with the Mercury Green Financing Framework.

In particular, the issuer expects to apply the net proceeds of this issuance to refinance existing debt and to track an amount equal to the net proceeds within its systems, earmarked to Eligible Projects.

GREEN, SUSTAINABLE AND SOCIAL HOLDINGS#

BOND TYPE



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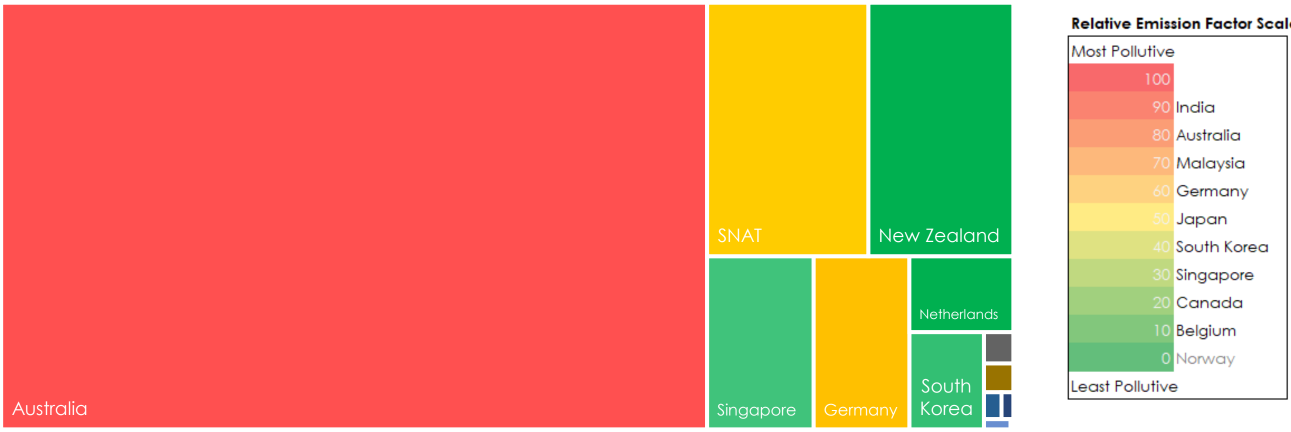
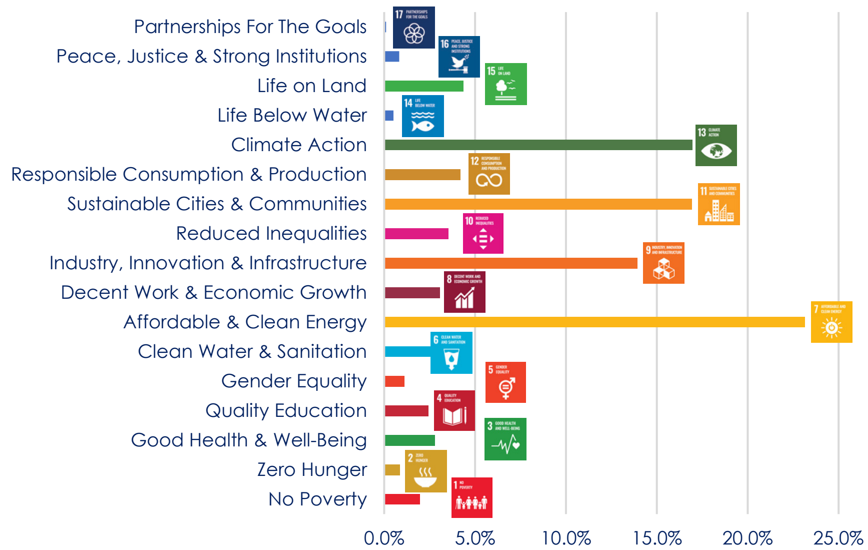
ALLOCATION OF FUNDS IN THE UNDERLYING FUND#



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 Underlying 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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