



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)*	0.78%	0.48%	5.90%	5.81%
Artesian Green & Sustainable Bond Fund PIR Return (NZD)**	0.78%	0.59%	6.40%	6.17%
Bloomberg AusBond Composite 0-5 Yr Index 100% Hedged to NZD	0.60%	0.36%	5.66%	5.58%

*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	0.83%	0.62%	3.30%	6.31%	5.40%	2.83%	2.08%	2.50%
Net Fund Return	0.79%	0.50%	3.04%	5.78%	4.88%	2.31%	1.57%	1.98%
Bloomberg AusBond Composite 0-5 Yr Index	0.62%	0.33%	2.63%	4.80%	3.44%	1.31%	0.66%	0.72%
Active Return (net Fund return - benchmark)	0.18%	0.17%	0.41%	0.99%	1.43%	1.00%	0.91%	1.26%

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#

The US election was front and centre for investors in November. As the dust settled on the news of another Trump Presidency, bond and equity markets diverged as investors began pricing in election policy impacts. The initial reaction in bond markets pushed yields higher, due to the inflationary effect of Trump's pledge to introduce tax cuts and steep tariffs. However, by the end of the month most of the move higher in bond yields had retraced. Artesian took advantage of the initial spike as the US election result was announced, to increase the Underlying Fund's interest rate duration. The post-election move in credit spreads was tighter, especially in the USD market which outperformed considerably. However, just like bond yields retraced their move higher, Artesian did notice some softening in credit spreads towards the end of the month.

The Underlying Fund's outperformance versus benchmark in November 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 4.79% versus the benchmark's 4.26%, also contributed positively to the monthly performance versus benchmark.

Outperformance in November came from the Underlying Fund's positions in EnBW (Green), Mercury (Green), Optus (SLB), Contact Energy (Green) and SA Power Networks (Green). Underperformance came from the Underlying Fund's floating rate note financial positions, namely ANZ (Sustainable), Bank Australia (Sustainable), CBA (Green) and OCBC (Green).

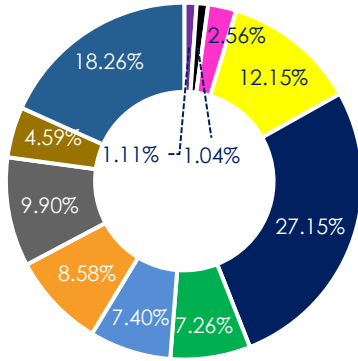
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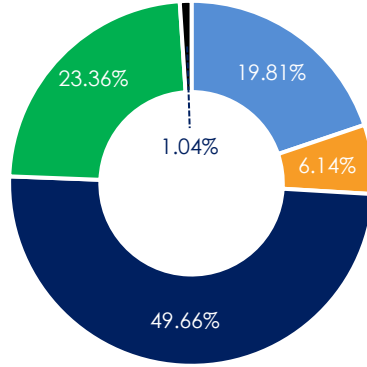
PORTFOLIO BREAKDOWN#

SECTOR BREAKDOWN



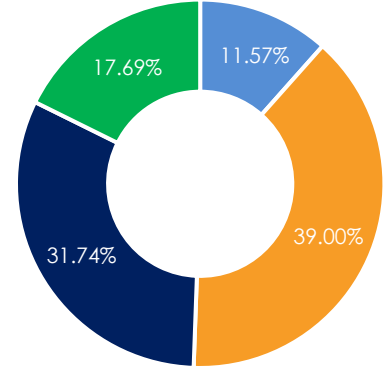
- Agencies
- Consumer Staples
- Financial
- Semi Government
- TMT
- Utilities
- Cash
- Educational Services
- Real Estate
- Supranational
- Transportation & Logistics

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#

Credit indices reversed the widening Artesian saw in October and finished the month tighter. Whilst corporate bonds attracted a strong bid post the election results, the shine started to come off the market towards the end of the month. It was more technical than anything, considerable levels of issuance have put a floor under spreads resulting in credit markets decoupling from other risk markets. As Artesian approaches the holiday period which is seasonally very quiet for new issuance volume, this will allow dealers to clear their inventory and the Underlying Fund should start to see outperformance from recent deals which have lagged the market. Australian major bank senior spreads were largely unchanged MoM, although their Tier 2 spreads were 4bps to 5bps wider off the back of increased issuance within the Tier 2 sector.

AS AT 30 TH NOVEMBER 2024	PRICE	CHG ON MTH
ITRAXX AUSTRALIA 5YR	0.66%	0.00%
ITRAXX EUROPE 5YR	0.56%	-0.03%
ITRAXX EUROPE XOVER 5YR	2.98%	-0.16%
CDX US IG 5YR	0.48%	-0.06%
CDX US HY 5YR	2.95%	-0.41%

METRICS FOR THE UNDERLYING FUND#

The Trump victory produced a sell off in global bond yields that provided an attractive entry point for the Underlying Fund to continue to lengthen its interest rate duration (IRD). The Underlying Fund's current IRD at 3.01yrs is the longest it has been since inception in September 2020. Whilst still only a modest position, it reflects Artesian's view of where we are in the current interest rate cycle in Australia. Considering the time of year and the fact that the trading volume of the market reduces over the holiday period, Artesian has tactically gone into higher coupon securities and reduced the cash position. The new issue market should start again in the second week of January. In the absence of primary market activity, new fund inflows are being allocated to short dated floating rate notes to take advantage of the elevated levels of BBSW.

AS AT 30 TH NOVEMBER 2024	FUND	BENCH - MARK
INTEREST RATE DURATION	3.01	2.35
CREDIT DURATION	2.79	2.35
YIELD TO MATURITY	4.85%	4.26%
YIELD TO WORST	4.79%	4.26%
BLOOMBERG COMPOSITE RATING (weighted average)	A	AA+

*Using the Morningstar methodology for Average Credit Quality

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MONTHLY UPDATE: NOVEMBER 2024

Another solid month of AUD labelled bond issuance in November. Artesian recorded four new bonds issued by three unique issuers for a total volume of AUD 1.85b. It was great to see the Spanish energy company Iberdrola, make its debut issue in the AUD labelled bond market, the deal is highlighted below.

ISSUER	Bond Type	Issue Date	Issue Size \$M	Fixed/ Floating	Maturity
IBERDROLA FINANZAS SA	Green	18-Nov-24	6yr 400 10yr 350	Fixed/ Fixed	28-Nov-30 28-Nov-34

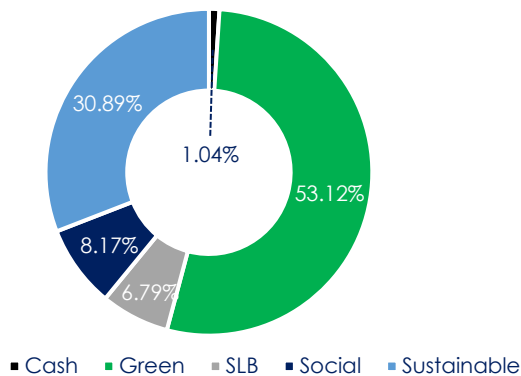
Issuer	
Currency	AUD
Sector	Utility
SDG Alignment	
Eligible Projects	<p>Eligible green projects include:</p> <ul style="list-style-type: none"> • Smart grids • Renewable energy • Sustainable customer solutions • Electric mobility • Green hydrogen

Iberdrola are a Spanish utility powering a new future for energy. With over 180 years of history, Iberdrola is a global leader in clean energy, grids and storage, and is a more solid, sustainable and diversified company than ever before.

With a mature pipeline of over 2GW of onshore wind and solar development projects, Iberdrola has also recently established a networks business in Australia and is actively seeking new opportunities. Beyond that, the company is analysing a range of green hydrogen investments. Iberdrola is also a leader in offshore wind globally and will look to bring its capital and experience to the emerging offshore wind industry in Australia.

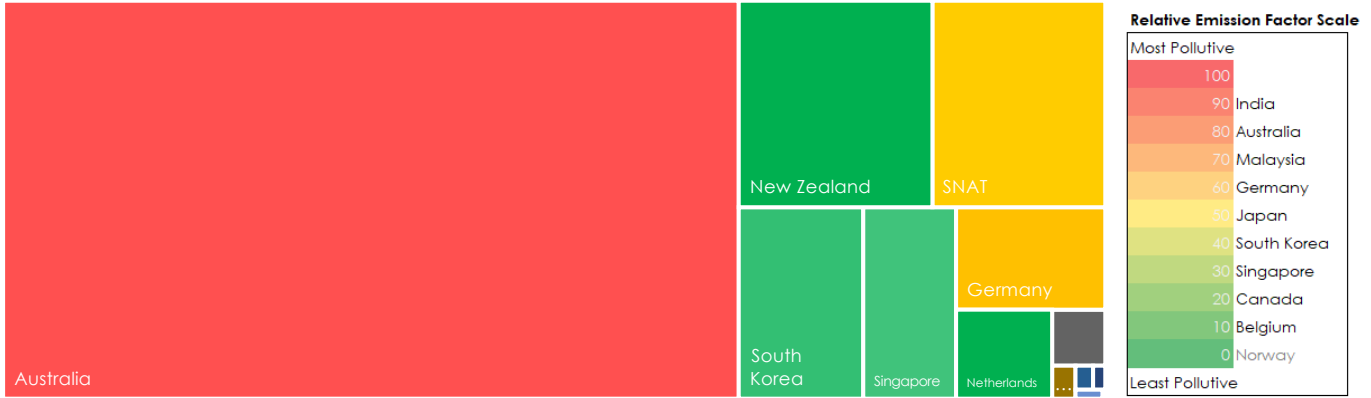
GREEN, SUSTAINABLE AND SOCIAL HOLDINGS#

BOND TYPE





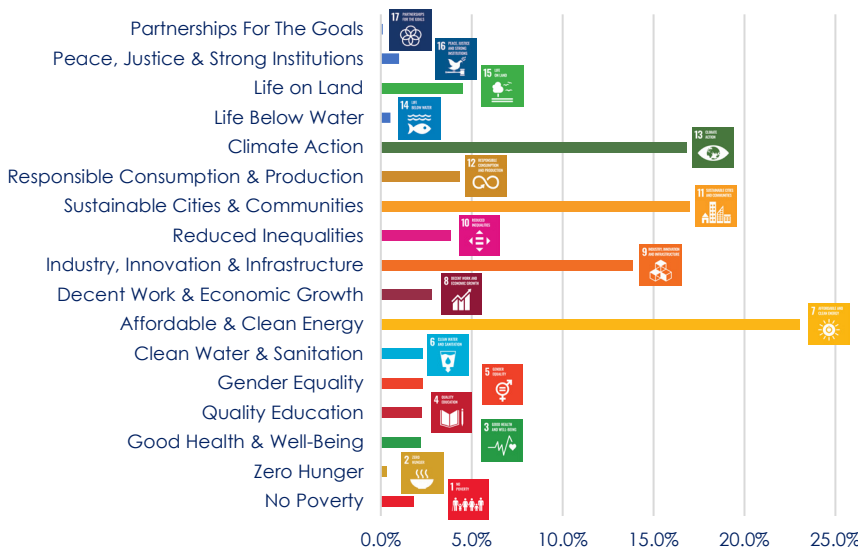
ALLOCATION OF FUNDS IN THE UNDERLYING FUND#



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 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 57% of the Underlying Fund's targeted SDGs. The Underlying Fund currently supports 17 of the 17 SDGs.



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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