



## ARTESIAN GREEN AND SUSTAINABLE BOND FUND (NZD)

MONTHLY REPORT: OCTOBER 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)*	0.08%	0.50%	5.02%	5.79%	5.34%
Artesian Green & Sustainable Bond Fund PIR Return (NZD)**	0.18%	0.60%	5.62%	6.34%	5.81%
Bloomberg AusBond Composite 0-5 Yr Index 100% Hedged to NZD	0.15%	0.37%	4.68%	5.59%	5.13%

\*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	5 Yr	Since Inception (p.a.)
Gross Fund Return	0.33%	0.92%	2.53%	6.91%	6.93%	5.90%	3.71%	2.96%	3.22%
Net Fund Return	0.29%	0.79%	2.27%	6.38%	6.40%	5.38%	3.19%	2.45%	2.70%
Bloomberg AusBond Composite 0-5 Yr Index	0.24%	0.59%	1.46%	5.30%	5.41%	4.11%	2.32%	1.47%	1.49%
Active Return (net Fund return - benchmark)	0.05%	0.20%	0.81%	1.08%	0.99%	1.26%	0.87%	0.98%	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#

October delivered a broadly constructive backdrop for risk assets, though with a more nuanced tone as investors navigated the complex interplay of monetary policy, geopolitical developments, and late-cycle dynamics. Easing inflationary pressures in some regions and renewed optimism around trade negotiations helped support market sentiment. Fixed income and credit markets experienced a notable bifurcation. In major sovereign bond markets such as the United Kingdom and New Zealand, yields fell sharply as inflation data softened and fiscal concerns eased. Both UK 10yr and 30yr government bond yields declined by approximately 30bps over the month. In contrast, Australian markets faced upward pressure on yields. Inflation data released late in October surprised to the upside, prompting a rise in Australian Government bond yields as markets recalibrated expectations for further monetary policy easing by the Reserve Bank of Australia.

The Underlying Fund's outperformance versus benchmark in October was driven by the active interest rate duration management and pockets of outperformance in credit spreads. The Underlying Fund's running yield of 4.38% versus the benchmark's 3.78%, also contributed to the monthly outperformance.

Outperformance in October came from the Underlying Fund's positions in E.ON. SE (Green), Woolworths (Sustainability-Linked), Contact Energy (Green) and Optus (Sustainability-Linked). Underperformance came from the Underlying Fund's positions in Korea Housing Finance Corporation (Green), ANZ (Sustainable), BPCE (Social) and Australian Postal Corporation (Sustainable).

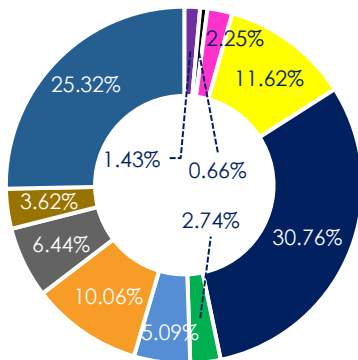
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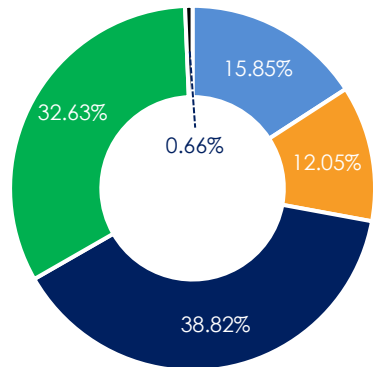
## PORTFOLIO BREAKDOWN<sup>#</sup>

### SECTOR BREAKDOWN



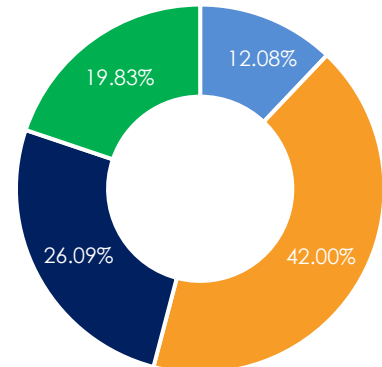
- Agencies
- Consumer Staples
- Financial
- Semi Government
- TMT
- Utilities
- Cash
- Educational Services
- Real Estate
- Supranational
- Transportation & Logistics

### 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<sup>#</sup>

Global credit spreads were relatively stable throughout October. On average, Australian dollar investment grade credit spreads widened by 1bp to 102bps, while Euro spreads narrowed by 2bps to 77bps, and US dollar spreads widened by 4bps to 78bps. As credit spreads have compressed over the course of the year, Artesian has taken the opportunity to realise profits on selected higher beta positions. This capital has been redeployed into lower beta securities that offer more defensive characteristics while still providing acceptable yield. Although spreads have generally continued to grind tighter throughout 2025, Artesian are still identifying relative value opportunities in the new issue market. This has allowed Artesian to selectively add new names to the portfolio where the Underlying Fund sees pricing advantages or structural benefits relative to comparable securities in the secondary market.

AS AT 31 <sup>ST</sup> OCTOBER 2025	PRICE	CHG ON MTH
ITRAXX AUSTRALIA 5YR	0.66%	0.00%
ITRAXX EUROPE 5YR	0.55%	-0.01%
ITRAXX EUROPE XOVER 5YR	2.66%	0.04%
CDX US IG 5YR	0.53%	0.01%
CDX US HY 5YR	3.28%	0.07%

## METRICS FOR THE UNDERLYING FUND<sup>#</sup>

The Underlying Fund's interest rate duration (IRD) was largely unchanged month on month, finishing October at 2.6yrs. This positioning reflects a continued cautious stance amid ongoing uncertainty around the near-term monetary policy outlook. Although there was little net change in IRD between the start and end of the month, Artesian remained active throughout October in response to intramonth movements in rates. For example, 3yr Australian Government bond yields finished the month broadly unchanged, yet traded within a wide 30bp range, from a low of 3.32% to a high of 3.63%. The Underlying Fund's credit duration was also largely unchanged in October, reflecting a more cautious approach to credit exposure as Artesian moves toward year end. This aligns with the Underlying Funds expectation for market activity to slow through the seasonally quiet holiday period. As liquidity typically becomes more constrained and issuance activity tapers off, Artesian anticipates further modest reductions in credit duration into December.

AS AT 31 <sup>ST</sup> OCTOBER 2025	FUND	BENCH - MARK
INTEREST RATE DURATION	2.57	2.27
CREDIT DURATION	3.18	2.27
YIELD TO MATURITY	4.47%	3.78%
YIELD TO WORST	4.38%	3.78%
BLOOMBERG COMPOSITE RATING (weighted average)	A	AA+

<sup>#</sup>Using the Morningstar methodology for Average Credit Quality

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In October, Artesian recorded seven new AUD deals from six unique issuers for a total volume of AUD 2.275b. Below Artesian highlights the recent new issue from Victoria Power Networks.

ISSUER	Bond Type	Issue Date	Issue Size \$M	Fixed/ Floating	Maturity
VICTORIA POWER NETWORKS	Green	17-Oct-25	450 300	Fixed Floating	27-Apr-32

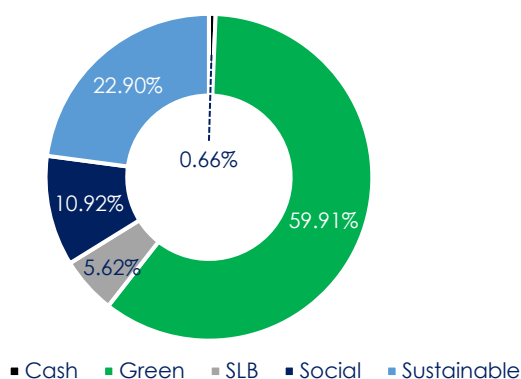
Issuer	 
Currency	AUD
Sector	Utility
SDG Alignment	  
Eligible Projects	<ul style="list-style-type: none"> <li>Equipment and infrastructure where the main objective is an increase of the generation or use of renewable electricity generation.</li> <li>Equipment to increase the controllability and observability of the electricity system and enable the development and integration of renewable energy sources.</li> <li>Equipment to carry information to users for remotely acting on consumption such as, advanced metering infrastructure.</li> <li>Equipment to allow for exchange of renewable electricity between users.</li> </ul>

Victoria Power Networks (VPN) is the consolidating parent of a group of companies whose primary business is to own and operate two regulated electricity distribution networks. Together, CitiPower and Powercor deliver electricity safely and reliably to 1.29 million customers across 64 percent of Victoria. VPN also plays a key role in enabling the renewable energy transition by directly connecting large scale renewable assets to the network. In addition, VPN supports customer electrification choices, including rooftop solar and electric vehicles, helping to accelerate the shift toward a clean energy future.

VPN is the first AUD labelled bond issuer to be aligned with Australia's new sustainable finance taxonomy.

## GREEN, SUSTAINABLE AND SOCIAL HOLDINGS#

### BOND TYPE



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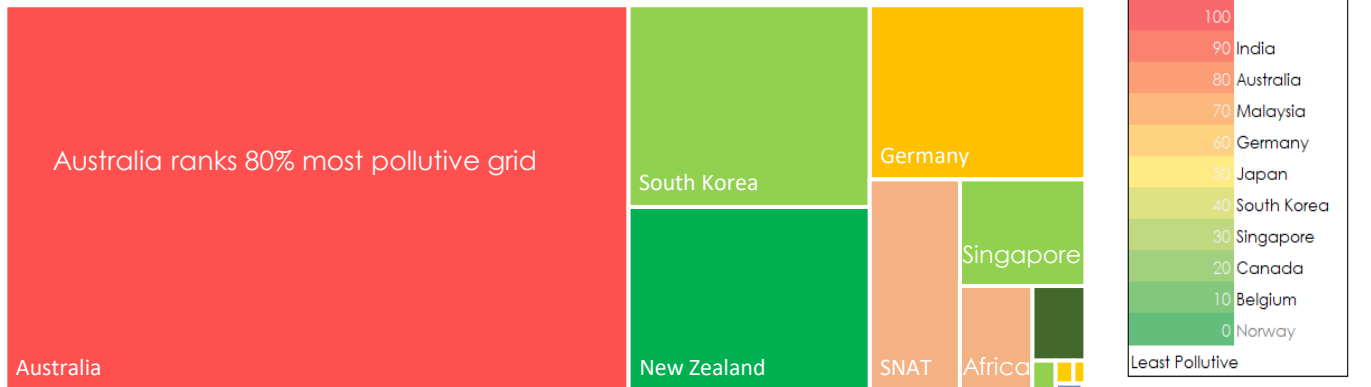
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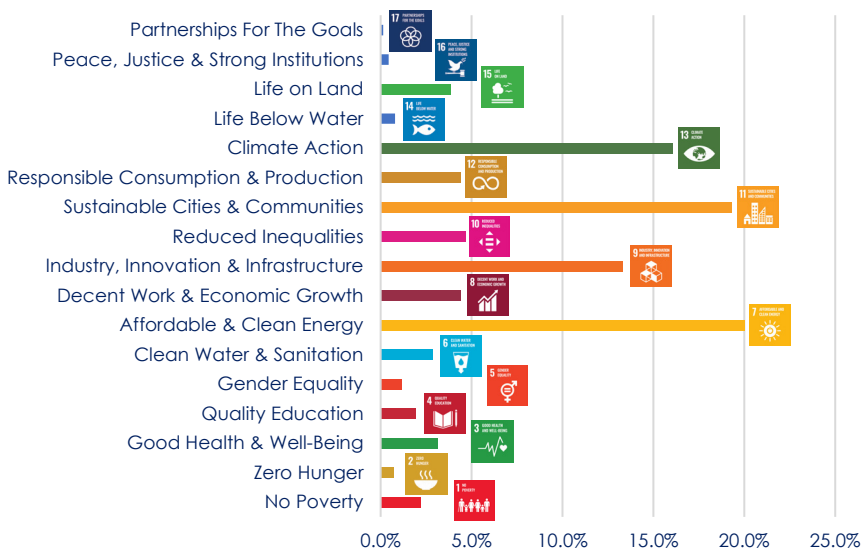
## ALLOCATION OF FUNDS IN THE UNDERLYING FUND#

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 gCO<sub>2</sub>e/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 55% of the Underlying Fund's targeted SDGs. The Underlying 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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