

MONTHLY UPDATE

Fund Objective: The Artesian Corporate Bond Fund (Fund) will invest in a diversified portfolio of liquid, predominately investment grade fixed and floating rate corporate bonds. The Fund aims to provide returns above the RBA cash rate +2.75% throughout all interest rate cycles. Note the target return is not a forecast. It is merely an indication of what the Fund aims to achieve over the medium term on the assumption that credit markets remain relatively stable throughout the investment timeframe. The Fund may not be successful in meeting the target return. Returns are not guaranteed.

A S AT 31 ST DEC 24	FUND PERFORMANCE - CLASS B UNITS								
	1 month	3 months	6 months	1 year	2 year (p.a.)	3 year (p.a.)	4 year (p.a.)	5 year (p.a.)	Since Inception (p.a.)
GROSS FUND RETURN	0.69%	1.95%	4.04%	7.88%	8.25%	5.27%	4.19%	4.14%	4.69%
NET FUND RETURN	0.63%	1.76%	3.65%	7.08%	7.45%	4.49%	3.41%	3.36%	3.90%
RBA CASH RATE	0.36%	1.09%	2.18%	4.37%	4.12%	3.16%	2.39%	1.97%	1.76%
ACTIVE RETURN (net Fund return - RBA cash rate)	0.26%	0.67%	1.47%	2.71%	3.33%	1.33%	1.02%	1.39%	2.15%

The 1m, 3m, 6m, 1yr, 2yr, 3yr, 4yr, 5yr and since inception net returns for Class A Units are 0.62%, 1.73%, 3.59%, 6.96%, 7.31%, 4.40%, 3.32%, 3.26% & 3.80% respectively. 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.

A S AT 31 ST DEC 24	OTHER BENCHMARK COMPARISONS								
	1 month	3 months	6 months	1 year	2 year (p.a.)	3 year (p.a.)	4 year (p.a.)	5 year (p.a.)	Since Inception (p.a.)
BLOOMBERG AUSBOND CREDIT FRN 0+ YR Index	0.43%	1.31%	2.71%	5.69%	5.38%	3.99%	3.06%	2.81%	2.81%
BLOOMBERG AUSBOND COMP 0-3 YR Index	0.54%	0.81%	2.64%	4.10%	3.86%	2.02%	1.42%	1.51%	1.86%

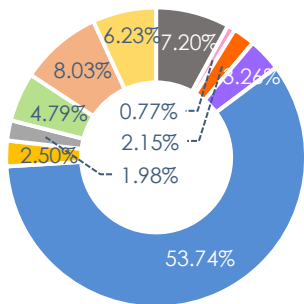
PORTFOLIO UPDATE

Although 2024 began with its challenges, it turned out to be an impressive year for risk assets. US equities were the big outperformer (US S&P 500 +25%), led by the Magnificent Seven and the boundless potential for artificial intelligence. In fixed income, long duration investors continued to be disappointed, as most developed markets produced low single digit positive returns to slightly negative returns. With that said, 2024 is firmly behind us and we now need to focus on where the risks and opportunities will be in 2025. On the risk side we will be closely monitoring geopolitical risk, excessive government borrowing, "US exceptionalism", trade wars and how all these risks feed into inflation. When looking for relative value opportunities, some credit markets appear overvalued, for example USD credit spreads versus AUD spreads. Considering the risks and opportunities; we believe an actively managed, high credit quality, short duration portfolio, should continue to produce meaningful returns for investors on a risk adjusted basis.

Outperformance in December came from the Fund's positions in CBA, Iberdrola, BNP Paribas, Qube and Woolworths. Underperformance was due to the Fund's positions in Rabobank, Adelaide Airport, Case New Holland, BPCE and Mirvac.

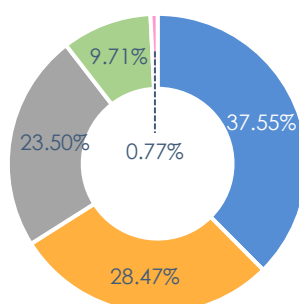
PORTFOLIO BREAKDOWN

SECTOR BREAKDOWN



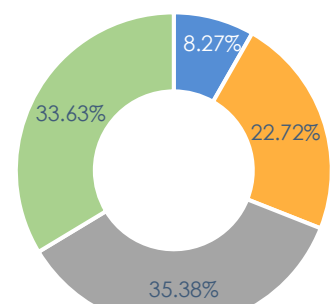
- Automotive
- Consumer Staples
- Financial
- Machinery
- TMT
- Cash
- Educational Services
- Insurance
- Real Estate
- Transportation & Logistics

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 record-breaking primary market we witnessed throughout 2024 came to a halt in mid-December. There were only a handful of deals earlier in the month, with the last AUD corporate deal of the year on December 12th. Whilst primary market supply was limited, strong secondary market demand continued providing a tailwind for credit spreads. This allowed trading desks to clear some of their inventory, further supporting credit spreads. Higher beta BBB rated corporate bonds and subordinated debt outperformed lower beta and higher rated corporates, retracing much of the widening seen in November. For example, CBA's and BNP's subordinated bonds were the Fund's 2 worst performing bonds in November and the Fund's 2 best performing bonds in December. Whilst there were some positions that were mildly wider MoM, +75% of issuers in the Fund had a positive contribution from credit spread tightening MoM.

AS AT 31 ST DECEMBER 24	PRICE	CHG ON MTH
ITRAXX AUSTRALIA 5YR	0.69%	0.03%
ITRAXX EUROPE 5YR	0.58%	0.02%
ITRAXX EUROPE XOVER 5YR	3.13%	0.15%
CDX US IG 5YR	0.50%	0.02%
CDX US HY 5YR	3.11%	0.16%

FUND METRICS

With limited primary market activity in the final month of the year, the trading volume of the Fund reduced considerably resulting in no notable moves in the Fund's metrics. In December, the Fund had its strongest month of inflows for 2024. Those proceeds were largely deployed into shorter dated floating rate notes which led to a small MoM decrease in the Fund's credit and interest rate duration. Whilst 3yr government bond yields traded in a 30bp range during December, they finished only 9bp lower at 3.81%. The modest move lower suited the Fund's above target interest rate duration position, which was another positive contribution to this month's returns. We are expecting another strong start to the new year, a couple of large new issues have already priced in the first few business days of the year.

AS AT 31 ST DECEMBER 24	FUND	CHG ON MTH
INTEREST RATE DURATION	1.10	-0.09
CREDIT DURATION	4.00	-0.31
YIELD TO MATURITY	5.10%	-0.19%
YIELD TO WORST	5.03%	-0.19%
BLOOMBERG COMPOSITE RATING (weighted average)*	A	A

*Using the Morningstar methodology for Average Credit Quality

NEW ISSUES

Another record year in AUD corporate bond issuance, totalling AUD 137.2 billion. The local market continues to go from strength to strength, attracting new bond issuers (supply) and new investors (demand) in equal measure. Onwards and upwards in 2025!

YEAR	Total Issuance \$ Billion	Fixed Issuance \$ Billion	FRN Issuance \$ Billion	Financial Issuance \$ Billion	Non-Fin Issuance \$ Billion
2024 AUD CORPORATE ISSUANCE	137.2	56.0	81.2	107.8	29.4
2023 AUD CORPORATE ISSUANCE	115.9	41.9	74.0	104.8	11.1
2022 AUD CORPORATE ISSUANCE	91.5	33.5	57.9	85.9	5.6
2021 AUD CORPORATE ISSUANCE	48.6	20.9	27.7	27.8	20.8

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