MONTHLY UPDATE

Fund Objective: The Artesian Green & Sustainable Bond Fund (Fund) will invest in a diversified portfolio of liquid, predominately investment grade fixed and floating rate green, sustainable and social corporate bonds. The Fund aims to provide returns above the Bloomberg AusBond Composite 0-5 Yr Index 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.

AS AT 31ST AUG 2024	FUND PERFORMANCE						
	1 month	3 months	6 months	1 year	2 year	3 year	Since Inception (p.a.)
GROSS FUND RETURN	0.77%	2.66%	3.46%	6.45%	5.47%	2.12%	2.50%
NET FUND RETURN	0.73%	2.53%	3.20%	5.92%	4.95%	1.61%	1.98%
BLOOMBERG AUSBOND COMPOSITE 0-5 YR Index	0.80%	2.30%	2.62%	4.92%	3.75%	0.70%	0.68%
ACTIVE RETURN (net Fund return - benchmark)	-0.07%	0.23%	0.58%	1.00%	1.20%	0.91%	1.30%

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.

PORTFOLIO UPDATE

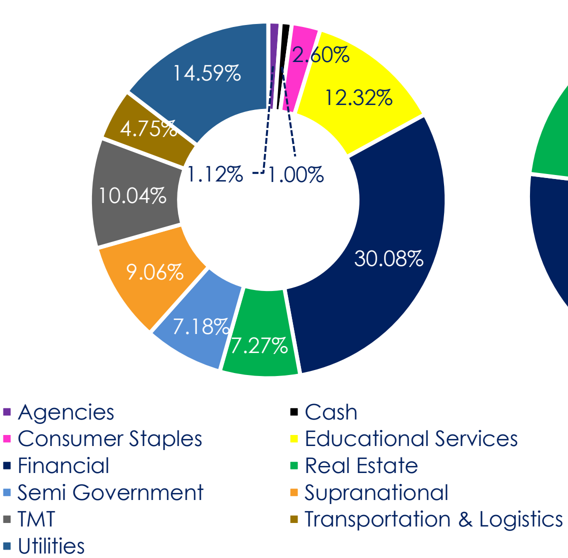
Blink and you'll miss it! On August 5th, the volatility index (VIX) shot up to 65, its highest level since the COVID-19 induced volatility of 2020. However, it was short lived and the VIX index retreated all the way back down to 22, which was lower than where it was at the beginning of the month before all the excitement began. The catalyst of the move was softening economic data in the US, combined with an interest rate rise in Japan. The Governor of the Bank of Japan's (Kazuo Ueda) hawkish rhetoric, led to a significant unwind in the Japanese Yen carry trade. Japanese Bank's (Mizuho, Nomura & MUFG) equity prices sold off ~30% and there was a fear of contagion risk within global financial markets. The beneficiary of these market moves were bonds, yields fell and bonds rallied as the flight to quality intensified. AUD credit spreads were mixed, financials were slightly wider and non-financials were slightly tighter. The fluctuations in spreads were more technical than anything, as elevated levels of primary market activity put pressure on spreads in some sectors.

The Fund underperformed its benchmark in August, due to the modest underweight interest rate duration positioning. Whilst credit spreads were mixed, the Fund's overweight credit duration was a positive contribution to this month's returns. The Fund's running yield of 4.56% versus the benchmark's 3.99%, was another positive contribution relative to benchmark.

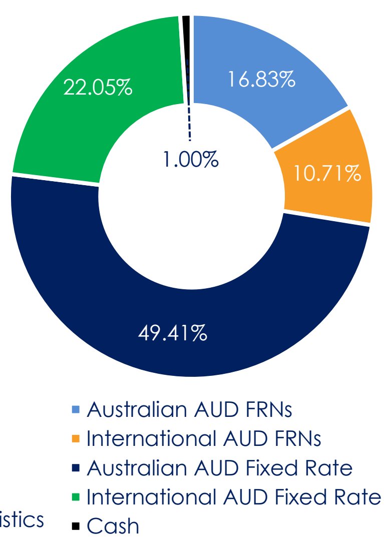
Outperformance in August came from the Fund's positions in the Industrial Bank of Korea (Green), Mercury (Green), QIC Town Centre Fund (Green), Mirvac Group Finance (Green) and New South Wales Treasury Corporation (Sustainable). Underperformance came from the Fund's positions in Contact Energy (Green), Housing Australia (Social), La Trobe University (Green), ESTA Utilities Finance (Green) and the Australian Postal Corporation (Sustainable).

PORTFOLIO BREAKDOWN

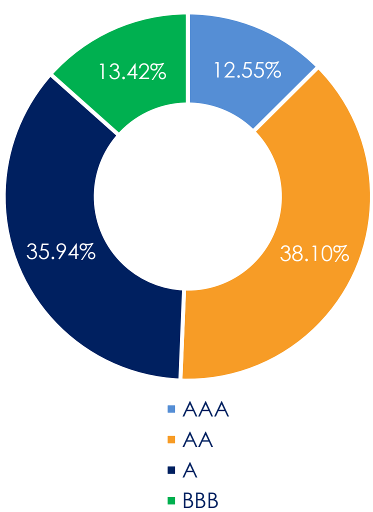
SECTOR BREAKDOWN



REGION & PRODUCT



CREDIT RATING



CREDIT SPREADS

Credit indices spiked higher earlier in the month due to the pick-up in volatility and uncertainty. Most investment grade (IG) indices widened ~10bps. However, just like the VIX, by month end IG credit indices retraced their move from the wides and finished with spreads tighter MoM. Corporate bond spreads continue to be range bound. For example, in August CBA issued a 5yr senior bond at BBSW +87bps, which is the 5th major bank deal in 2024 which has been issued in the 80bps to 90bps range. Tier 2 subordinated spreads struggled, as new deals from Macquarie Bank, BNP and Lloyds were bought to market with their credit spreads tight to where we saw fair value in our pricing models. They subsequently traded wider in the secondary market and it will take time for market makers to clear their inventory before we see any appreciation in price.

AS AT 31ST AUGUST 2024	PRICE	CHG ON MTH
ITRAXX AUSTRALIA 5YR	0.61%	-0.04%
ITRAXX EUROPE 5YR	0.53%	-0.02%
ITRAXX EUROPE XOVER 5YR	2.88%	-0.06%
CDX US IG 5YR	0.49%	-0.03%
CDX US HY 5YR	3.22%	-0.09%

FUND METRICS

Government bond yields continued their rally in August and interest rate markets now look fully priced. For example, in the next 12 months markets have priced in these cuts to cash rates; US -1.98%, Canada -1.51%, Eurozone -1.46%, New Zealand -1.85% and Australia -0.84%. So, it is difficult to get excited about interest rate duration with so many cuts priced into developed markets. As we have seen over the last 2 to 3 years as interest rates have risen around the globe, it is never in a straight line and being patient has proved to be the best strategy. As interest rate markets continue to ease from restrictive policy settings, we believe the same prudent strategy will reward patient investors. The Fund's credit duration marginally lengthened MoM, due to the selling down of some 1yr corporate bond positions, whose proceeds were used to deploy into new 5yr to 7yr deals at attractive spreads.

AS AT 31ST AUGUST 2024	FUND	BENCH-MARK
INTEREST RATE DURATION	2.30	2.39
CREDIT DURATION	2.90	2.39
YIELD TO MATURITY	4.60%	3.99%
YIELD TO WORST	4.56%	3.99%
BLOOMBERG COMPOSITE RATING (weighted average)	A	AA+

*Using the Morningstar methodology for Average Credit Quality

NEW ISSUES

New issue volumes in August are usually elevated, as the corporate earnings season comes to an end and corporates issue off the back of their recent results. This year was no different and we witnessed 4 new labelled bonds issued for a total volume of AUD 4.15b. It was great to see corporate labelled bonds issued by NBN and Mirvac in August, the Mirvac deal is highlighted below.

ISSUER	Bond Type	Issue Date	Issue Size $M	Fixed/ Floating	Maturity
MIRVAC GROUP FINANCE	Green	22-Aug-24	400	Fixed	18-Mar-31

Issuer	mirvac
Currency	AUD
Sector	Educational Services
SDG Alignment	6 CLEAN WATER AND SANITATION; 7 AFFORDABLE AND CLEAN ENERGY; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 11 SUSTAINABLE CITIES AND COMMUNITIES; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION; 15 LIFE ON LAND
Eligible Projects	Eligible green projects must contribute to environmental objectives such as; • Green buildings • Renewable energy • Energy efficiency • Clean transportation • Pollution prevention and control • Sustainable water and waste management • Climate change adaptation

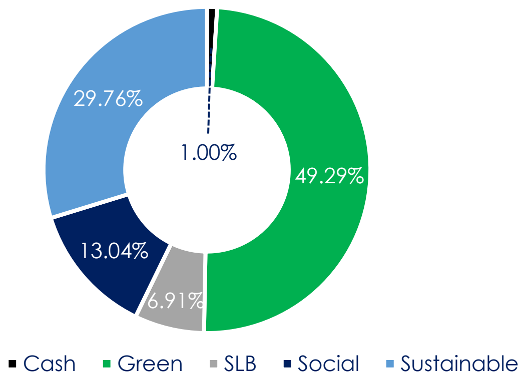
Mirvac Group is an integrated and diversified Australian listed property group with a market capitalisation of A$7.87b that focuses on 3 segments: Investment (65% of FY24 EBIT), Development (32% of FY24 EBIT) and Funds (3% of FY24 EBIT).

This was Mirvac's first public markets green bond transaction and we were pleased to see they chose to issue in their domestic AUD market.

Mirvac Group will provide an annual update and seek post-issuance assurance within 12 months from the issue date to ensure that the green bond issued remains in compliance with their Sustainable Finance Framework.

GREEN, SUSTAINABLE & SOCIAL

BOND TYPE



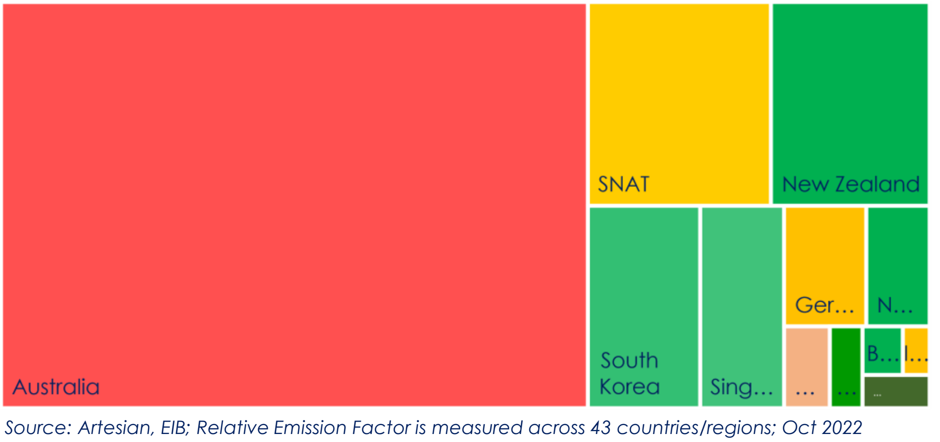
CARBON ABATEMENT

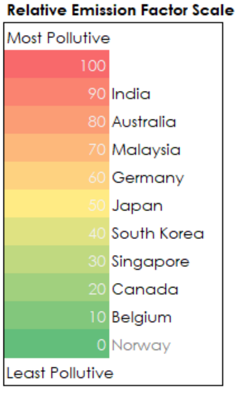
	Fund
August's estimated carbon abatement	1,324 tCO2e*
Since inception estimated carbon abatement[1]	46,747 tCO2e*
% of Fund used in this estimation	31%

One of the primary goals for the Fund is to report regularly on the impact that the bonds we have invested in are having on the environment. As issuers report their use of proceeds achievements, we update our records and this should also lead to a continual increase in the 31% of the Fund used to calculate the carbon abatement.

Equivalent to **21,914 cars**** off the road for a year, since fund inception

ALLOCATION OF FUNDS HEATMAP

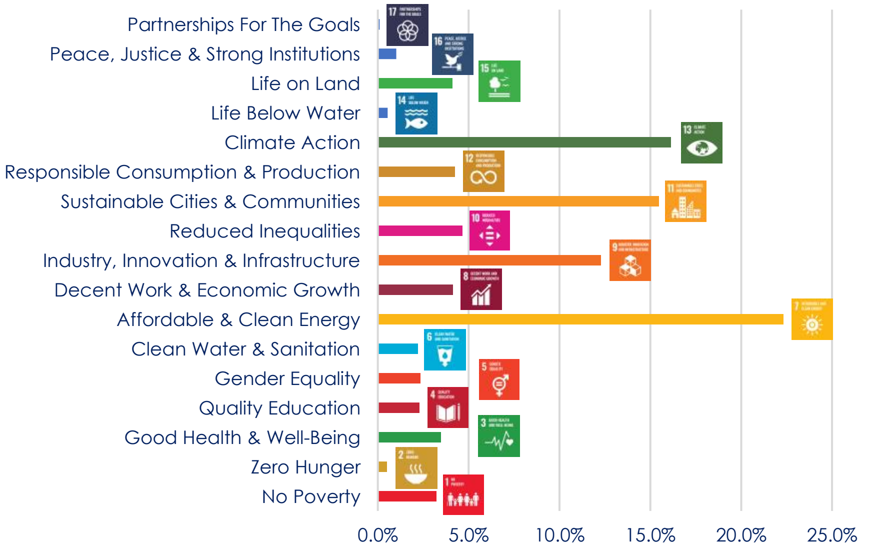




Source: Artesian, EIB; Relative Emission Factor is measured across 43 countries/regions; Oct 2022

The heatmap above shows which countries the 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 Fund, we 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 Fund is most aligned with Clean Energy, Climate Action and Sustainable Cities, making up 54% of the Fund's targeted SDGs. The Fund currently supports 17 of the 17 SDGs.

IMPACT SINCE INCEPTION

149,464 — Trips made on clean & sustainable transportation.

102,168,165 — Litres of water saved.

10,259 — Square metres of green energy efficient buildings financed.

91 — People provided with access to water & sanitation.

5 — Affordable housing dwellings financed.

2,024 — People provided with access to education.

100% — Female representation on board of Fund holdings.

177 — Jobs created or preserved.

41% — Fund bond issuers supporting TCFD.

18% — Fund bond issuers supporting PCAF.

85% — More than one female on board of Fund holdings.

The figures above are not actuals they are estimates using pro rata calculations taken from issuers use of proceeds reports, done on a best-efforts basis.

NOTES

**We take a conservative approach to estimating the carbon abatement of our portfolio holdings. If we own a bond that has not yet produced a use of proceeds report or something similar, we don't report any carbon abatement whatsoever. For those issuers who have produced a use of proceeds report, we pro rata the Fund's allocation of the reported carbon abatement. We use the previously reported 12-month carbon abatement figures to project the following 12 months and update those as soon as a new report from the issuer is produced.*

***As per the ABS's latest Survey of Motor Vehicle Use (link as of 20 Mar'19), Passenger Vehicles in Australia on average travelled 12,600km a year in 2018. As per NTC's latest emission intensity paper (link; as of Jun'20). Passenger Vehicles in Australia on average had an emission intensity of 169g/km in 2019 (or 169.8g/km in 2018). As a result, we defined the carbon footprint of an average passenger vehicle in Australia as 2.14t CO_2e per year being [(169g/km x 12,600km) / 1,000,000].*

The impact metrics published in this document reflects 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.

DISCLAIMER

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