

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 JULY 22	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	0.62%	-0.21%	-1.93%	-2.22%	1.11%	1.41%	2.38%	2.77%	3.49%
NET FUND RETURN	0.56%	-0.40%	-2.30%	-2.95%	0.35%	0.65%	1.61%	2.00%	2.71%
RBA CASH RATE	0.11%	0.19%	0.22%	0.27%	0.20%	0.34%	0.61%	0.79%	0.85%
ACTIVE RETURN (net Fund return - RBA cash rate)	0.45%	-0.59%	-2.52%	-3.22%	0.15%	0.31%	1.00%	1.21%	1.86%

The 1m, 3m, 6m, 1yr, 2yr, 3yr, 4yr, 5yr and since inception net returns for Class A Units are 0.56%, -0.33%, -2.24%, -2.96%, 0.30%, 0.58%, 1.52%, 1.90% & 2.61% 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 JULY 22	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	0.24%	0.21%	-0.13%	-0.21%	0.43%	0.84%	1.45%	1.67%	1.84%
BLOOMBERG AUSBOND COMP 0-3 YR Index	0.80%	0.48%	-1.36%	-2.18%	-0.74%	0.06%	0.95%	1.16%	1.27%

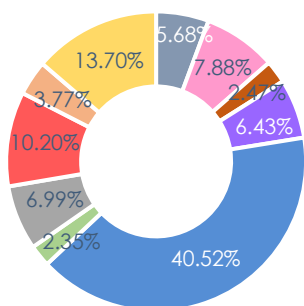
PORTFOLIO UPDATE

A better month for the Fund, as interest rates rallied and credit stabilized. Though it was still a wild ride in interest rate markets throughout July, as Australian Government bond yields fell on average ~50bps across the curve. Investors are grappling with the consequences of central banks raising interest rates to combat inflation, with the possibility of triggering a recession. Late in the month, Australian CPI just missed forecast and the US confirmed two successive quarters of contracting GDP, meeting the generally accepted technical definition of a recession. However, that definition is now being questioned by US officials such as Treasury Secretary Janet Yellen. Regardless, the economic news was the catalyst for the rally in yields, which also led to a late month rally in credit spreads. As we have seen previously, the Australian market lagged the offshore moves, but is now playing catch up which adds to the prevailing positive tone. The RBA have been consistent with their forward guidance and policy rate settings, which has been another positive for the market with respect to the future path of interest rates.

The new issue market is presenting some good quality, relative value opportunities. This month's outperformance came from NAB's new BBB+ subordinated 5yr call date fixed rate bond with a whopping 6.32% coupon. Toronto-Dominion's new 3yr AAA covered bond with an attractive 4.5% coupon also performed very well. Underperformance came from the Fund's European banking positions in BNP Paribas and Lloyds.

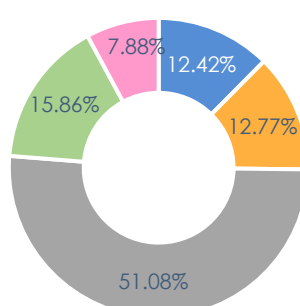
PORTFOLIO BREAKDOWN

SECTOR BREAKDOWN



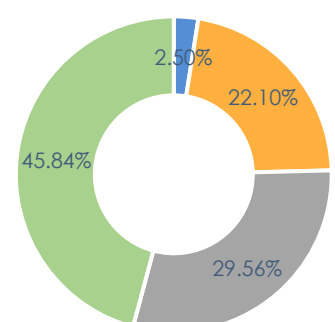
- Automotive
- Consumer Discretionary
- Financial
- Real Estate
- Transportation & Logistics
- Cash
- Consumer Staples
- Machinery
- TMT
- Utilities

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

Whilst there were small pockets of marginally tighter spreads in July, the majority of issuers widened. That contrasts with iTraxx Australia 5yr CDS tightening 20bps over the month. As we have mentioned previously, CDS indices are usually a good indicator of the future direction of cash bond spreads. Based on the price action in the latter stages of July, credit spreads look to be firmer and a real bid is returning to primary and secondary markets. Floating rate notes (FRNs) continue to have their yields reset higher in line with 3-month BBSW which increased another 30bps in July, to 2.12%. It is encouraging to see the outright level of spread tightening of new issues in the secondary market, another positive sign which leads to increased market activity, liquidity and investor confidence.

GLOBAL CREDIT INDICES	PRICE	CHG ON MTH
ITRAXX AUSTRALIA 5YR	1.11%	-0.20%
ITRAXX EUROPE 5YR	1.00%	-0.19%
ITRAXX EUROPE XOVER 5YR	5.09%	-0.70%
CDX US IG 5YR	0.80%	-0.21%
CDX US HY 5YR	4.71%	-1.08%

FUND METRICS

The Fund has continued to use the new issue market to roll out of longer dated positions and roll into shorter dated (3yr to 5yr) fixed rate bond positions at attractive outright yields (interest rate hedged). This continued in July which saw the credit duration of the Fund reduce by 0.55yr to 3.07yrs. Towards the end of the month, liquidity and demand for corporate bonds in the secondary market was robust, so we used this opportunity to sell some 10yr corporate bonds and re-invest those proceeds into comparatively cheap relative value opportunities in the primary market. Whilst there was some small give up in running yield in doing so, it was on the margin and offset by the increased liquidity profile of the Fund.

AS AT 31 ST JULY 22	FUND	CHG ON MTH
INTEREST RATE DURATION	0.66	-0.01
CREDIT DURATION	3.07	-0.55
YIELD TO MATURITY	4.10%	-0.53%
YIELD TO WORST	4.13%	-0.52%
BLOOMBERG COMPOSITE RATING (weighted average)*	A	A

*Using the Morningstar methodology for Average Credit Quality

NEW ISSUES

An active month of issuance from the financials sector with total volume of AUD 6.85b. What is encouraging, is that every corporate bond issued in the AUD market in July, finished the month tighter than its issued spread. NAB's new BBB+ subordinated 5yr call date fixed rate bond with a 6.32% coupon, led the outperformance with a 31bps rally into month end.

ISSUER	Bond Type	Issue Date	Issue Size \$M	Fixed/Floating	Maturity	Credit Spread EFP/BBSW	Month End Bid Spread	Net Change
CIMC	General corp purpose	08-Jul-22	2,000	Fixed	15-Jul-25	1.30%	1.06%	-0.24%
TORONTO - DOMINION BANK	General corp purpose	22-Jul-22	850	Fixed	28-Jul-25	1.23%	1.05%	-0.18%
NATIONAL AUSTRALIA BANK	General corp purpose	26-Jul-22	1,000	Fixed	03-Aug-32	3.15%	2.84%	-0.31%

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