

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 30 TH JUNE 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%	-1.33%	-2.56%	-2.62%	1.32%	1.41%	2.29%	2.81%	3.42%
NET FUND RETURN	-0.68%	-1.52%	-2.92%	-3.35%	0.56%	0.66%	1.52%	2.05%	2.65%
RBA CASH RATE	0.06%	0.10%	0.12%	0.17%	0.16%	0.33%	0.62%	0.79%	0.84%
ACTIVE RETURN (net Fund return - RBA cash rate)	-0.74%	-1.62%	-3.04%	-3.52%	0.40%	0.33%	0.91%	1.25%	1.81%

The 1m, 3m, 6m, 1yr, 2yr, 3yr, 4yr, 5yr and since inception net returns for Class A Units are -0.60%, -1.45%, -2.88%, -3.35%, 0.51%, 0.58%, 1.43%, 1.95% & 2.55% 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 30 TH JUNE 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	0.05%	-0.08%	-0.36%	-0.33%	0.52%	0.91%	1.47%	1.69%	1.82%
BLOOMBERG AUSBOND COMP 0-3 YR Index	-0.29%	-0.99%	-2.38%	-2.88%	-1.10%	-0.11%	0.79%	1.05%	1.14%

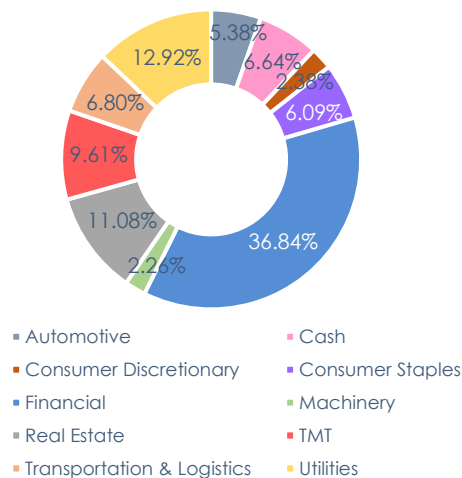
PORTFOLIO UPDATE

Volatility in Australian interest rate markets continued in June, as the RBA caught the market off guard with a 0.50% hike. As a result, 3yr government bond yields traded as high as 4.08% before rallying all the way back to 3.41%. We took advantage of the sell-off in yields to marginally add to the Fund's interest rate duration. Credit spreads were 5bps to 10bps wider across the curve in June. The move higher in yields and credit spreads has contributed to a 0.52% increase in the Fund's running yield to 4.65%.

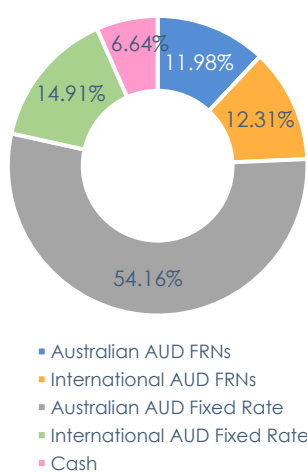
REITs were the Fund's worst performing sector in June, with Centuria and Goodman leading the underperformance. Subordinated debt also finished the month weaker, which meant the Fund's positions in CBA and ANZ performed poorly. With that said, Macquarie Bank's new subordinated bond was the month's best performer, followed by Lloyds Banking Group PLC new 4yr issue with a 5.39% coupon.

PORTFOLIO BREAKDOWN

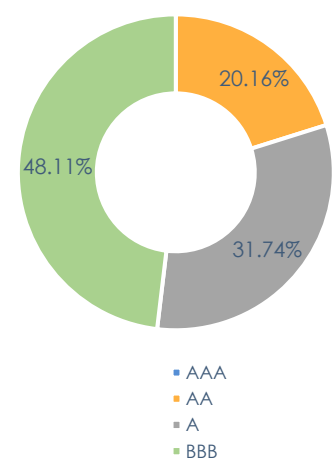
SECTOR BREAKDOWN



REGION & PRODUCT



CREDIT RATING



CREDIT SPREADS

Whilst credit spreads were wider again in June, the market is holding up reasonably well because it is being technically supported by the lack of new issuance. June's move in credit spreads means we are now at post pandemic wides in most major markets. AUD credit curves marginally flattened in June, as buyers in longer dated bonds (7yr to 10yr) were lured back by the elevated outright yields on offer. There are now numerous investment grade issuers with bonds yielding greater than 6%. Due to the pick-up in yields in fixed rate versus floating rate bonds, fixed rate bonds continue to outperform. With the said, floating rate notes are starting to look more attractive with 3 month BBSW peaking at 1.85% in June, before retreating 4bps to finish the month at 1.81%.

GLOBAL CREDIT INDICES	PRICE	CHG ON MTH
ITRAXX AUSTRALIA 5YR	1.31%	0.35%
ITRAXX EUROPE 5YR	1.19%	0.31%
ITRAXX EUROPE XOVER 5YR	5.80%	1.42%
CDX US IG 5YR	1.01%	0.22%
CDX US HY 5YR	5.79%	1.18%

FUND METRICS

In the middle of June, the market had priced in a RBA cash rate of 3.84% by the end of 2022. A little excessive to say the least, so we lengthened the Fund's interest rate duration in the front end of the curve. Yields have rallied back some +60bps since then and all eyes will now firmly be on the RBA's July cash rate announcement. The Fund's credit duration continues to sit lower than the mandate target of 4yrs. Right now, there are too many unknowns to be at the mandate target or longer. In addition, there are lots of opportunities in the 3yr to 5yr part of the curve. For example, 3yr major bank senior debt (rated AA-) fixed rate bonds are yielding +4.10%. Or for a little more credit duration and credit risk, Air New Zealand's 5yr senior debt (rated BBB) fixed rate bonds are yielding +5.70%.

AS AT 30 TH JUNE 22	FUND	CHG ON MTH
INTEREST RATE DURATION	0.67	0.15
CREDIT DURATION	3.62	-0.04
YIELD TO MATURITY	4.63%	0.49%
YIELD TO WORST	4.65%	0.52%
BLOOMBERG COMPOSITE RATING (weighted average)*	A	A

*Using the Morningstar methodology for Average Credit Quality

NEW ISSUES

A quiet month on the new issue front with only 6 new deals for total volume of AUD 1.78b. Lloyds issued a 4yr fixed rate bond with a 5.39% coupon which performed very well in secondary rallying an impressive 21bps.

ISSUER	Bond Type	Issue Date	Issue Size \$M	Fixed/Floating	Maturity	Credit Spread EFP/BBSW	Month End Bid Spread	Net Change
LLOYDS BANKING GROUP PLC	General corp purpose	01-Jun-22	500	Fixed	10-Jun-26	2.39%	2.18%	-0.21%
DBS BANK	General corp purpose	08-Jun-22	500	FRN	16-Jun-25	0.85%	0.85%	0.00%
WOORI BANK	Green Bond	15-Jun-22	130	FRN	20-Jun-25	1.10%	1.02%	-0.08%

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