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.

AS AT 31ST MAR 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	-0.97%	-1.24%	-1.65%	-0.39%	2.97%	2.47%	2.81%	3.47%	3.87%
NET FUND RETURN	-1.03%	-1.42%	-2.01%	-1.13%	2.21%	1.70%	2.04%	2.70%	3.09%
RBA CASH RATE	0.01%	0.02%	0.05%	0.10%	0.14%	0.41%	0.68%	0.85%	0.86%
ACTIVE RETURN (net Fund return - RBA cash rate)	-1.04%	-1.45%	-2.06%	-1.23%	2.06%	1.29%	1.35%	1.86%	2.22%

The 1m, 3m, 6m, 1yr, 2yr, 3yr, 4yr, 5yr and since inception net returns for Class A Units are -1.03%, -1.45%, -2.06%, -1.24%, 2.10%, 1.59%, 1.92%, 2.59% & 2.97% 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.

AS AT 31ST MAR 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	-0.29%	-0.28%	-0.36%	-0.04%	1.25%	1.20%	1.64%	1.85%	1.93%
BLOOMBERG AUSBOND COMP 0-3 YR Index	-0.96%	-1.40%	-1.95%	-1.77%	-0.41%	0.59%	1.19%	1.36%	1.39%

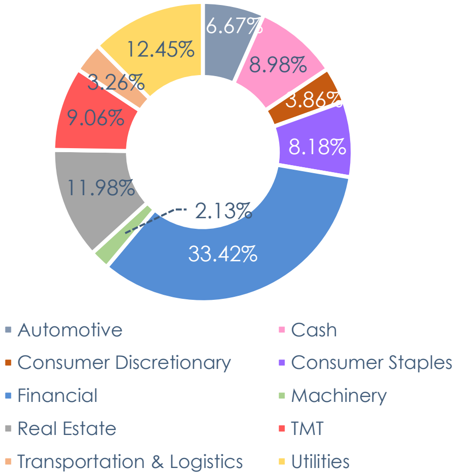
PORTFOLIO UPDATE

March was a brutal month for AUD fixed income investors, credit spreads were wider and interest rates were considerably higher (Bloomberg AusBond Composite 0+ Yr Index -3.75% in March). The AUD corporate bond market underperformed the European and US markets and currently appears good value compared to peers. European and US credit spreads finished the month tighter due to a strong relief rally into month end. However, in the AUD market credit spreads finished the month noticeably wider. In contrast, the ASX has outperformed European and US equity indices and we expect the same pattern to emerge in the AUD corporate bond market as spreads mean revert. Interest rates shot up another 60bps to 80bps across the curve in quick succession. The market has priced in an implied cash rate of 1.75% by year end, which seems overly aggressive, and we expect some retracement in the front end of the yield curve.

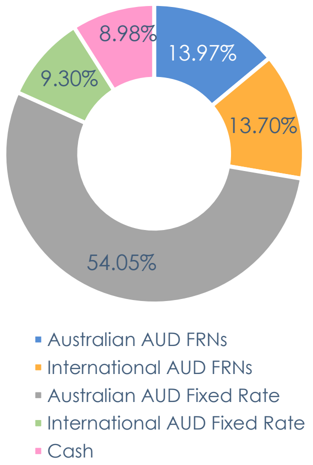
However, the silver lining is that the Fund's running yield is now 3.32%. Over the past 5 years of the Fund's life, it is times like these when we generally outperform. Spreads are at their wides of the past 12 months and there are lots of relative value opportunities in the primary and secondary market. So, whilst performance has been very challenging the past 12 months, we feel like 2022 is set to be a much better year based on where credit spreads, fundamentals, technicals and yields currently stand.

PORTFOLIO BREAKDOWN

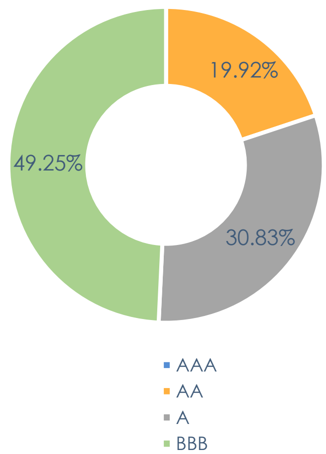
SECTOR BREAKDOWN



REGION & PRODUCT



CREDIT RATING



CREDIT SPREADS

AUD corporate bond credit spreads were ~10bps to 15bps wider in March. Year to date, credit spreads are ~20bps to 25bps wider and major bank subordinated spreads are ~40bps to 45bps wider. In addition to spreads and yields being wider, new issue premiums have also been widening. In a risk off market, a wider new issue premium relative to where a company's debt is trading in the secondary market, can often lead to existing debt widening out to the new issue spread level. In a risk on market, the reverse happens and the newly issued bond rallies to the spread levels of existing debt in the secondary market. After seeing some fairly poor performance in the new issue market in 2022, we are now seeing some strong performance as spreads begin to mean revert and play catch up with the European and US market.

GLOBAL CREDIT INDICES	PRICE	CHG ON MTH
ITRAXX AUSTRALIA 5YR	0.81%	-0.11%
ITRAXX EUROPE 5YR	0.73%	0.02%
ITRAXX EUROPE XOVER 5YR	3.38%	-0.06%
CDX US IG 5YR	0.67%	0.00%
CDX US HY 5YR	3.76%	0.11%

FUND METRICS

The Fund's metrics were largely unchanged month on month, excluding the significant uptick in running yield. The running yield of the Fund is now close to where it was not long after launch in Q1 2017. Whilst the metrics were reasonably static, it was a busy month for the Fund it terms of volume traded which equated to ~30% turnover. We would expect volumes to remain robust near term, which have been somewhat subdued recently. Corporate issuers now have the confidence to come back to the AUD market after the reporting season blackout and then the volatility induced slowdown caused by the situation in the Ukraine. Whilst funding levels for corporates are now obviously higher and will take some adjusting to, we don't expect this to have a material impact on investment grade balance sheets.

AS AT 31ST MAR 22	FUND	CHG ON MTH
INTEREST RATE DURATION	0.74	0.05
CREDIT DURATION	3.75	0.11
YIELD TO MATURITY	3.43%	0.98%
YIELD TO WORST	3.31%	0.74%
BLOOMBERG COMPOSITE RATING (weighted average)*	A	A

Using the Morningstar methodology for Average Credit Quality

NEW ISSUES

Similar to January and February this year, the new issue market was dominated by the financials sector. Of the AUD 6.995b issued in March, AUD 5.82b were local and international banks. Naturally financials were also the best performers in the new issue market, with Bendigo & Adelaide Bank's 3yr fixed rate bond rallying an impressive 23bps.

ISSUER	Bond Type	Issue Date	Issue Size $M	Fixed/ Floating	Maturity	Credit Spread EFP/BBSW	Month End Bid Spread	Net Change
WESTPAC	General corp purpose	10-Mar-22	900	Fixed	17-Mar-25	0.73%	0.65%	-0.08%
BENDIGO & ADELAIDE BANK	General corp purpose	11-Mar-22	100	Fixed	17-Mar-25	1.26%	1.03%	-0.23%
SUNCORP GROUP	General corp purpose	29-Mar-22	290	Float	01-Jun-37	2.30%	2.14%	-0.16%

DISCLAIMER

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