

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 MAY 23	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	0.36%	1.26%	3.59%	4.77%	1.47%	2.98%	2.56%	2.94%	3.79%
NET FUND RETURN	0.29%	1.07%	3.21%	3.99%	0.71%	2.21%	1.79%	2.17%	3.01%
RBA CASH RATE	0.32%	0.91%	1.68%	2.65%	1.38%	0.97%	0.92%	1.03%	1.13%
ACTIVE RETURN (net Fund return - RBA cash rate)	-0.03%	0.17%	1.53%	1.34%	-0.67%	1.24%	0.88%	1.14%	1.88%

The 1m, 3m, 6m, 1yr, 2yr, 3yr, 4yr, 5yr and since inception net returns for Class A Units are 0.28%, 1.07%, 3.15%, 3.98%, 0.66%, 2.15%, 1.70%, 2.08% & 2.91% 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 MAY 23	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	0.34%	1.06%	2.27%	3.66%	1.66%	1.61%	1.64%	1.93%	2.13%
BLOOMBERG AUSBOND COMP 0-3 YR Index	-0.37%	0.98%	1.20%	1.94%	-0.36%	0.04%	0.56%	1.12%	1.33%

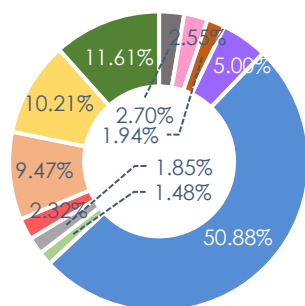
PORTFOLIO UPDATE

The Fund performed well in May considering the spike (3yrs +0.38bps) in government bond yields, as the fears of lingering inflation in a low unemployment world continue. The ongoing negotiations in the US regarding their debt ceiling, meant that spreads were kept range bound. Over the month we observed some small outperformance in the AUD market compared to the USD market. Outright buyers of fixed rate bonds also emerged throughout the month, keen to lock in attractive yields at these elevated levels.

The new issue market came roaring back after a very quiet April. In May we recorded the most monthly volume for 2023, with AUD 14.35b issued. Encouragingly we are now starting to see non-financial bond issuers return to the AUD market. Australian Post, PACCAR, Transgrid, QIC Finance, Ausnet and Mercedes-Benz all issued in May. Outperformance came from the Fund's positions in Ausnet, Optus, UBS and Woolworths. Relatively smaller underperformance came from the Fund's positions in Rabobank, Bendigo & Adelaide Bank and Suncorp-Metway.

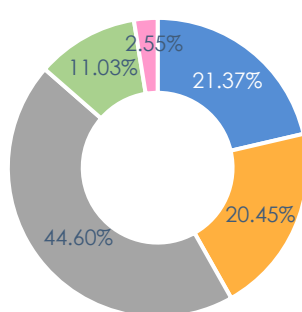
PORTFOLIO BREAKDOWN

SECTOR BREAKDOWN



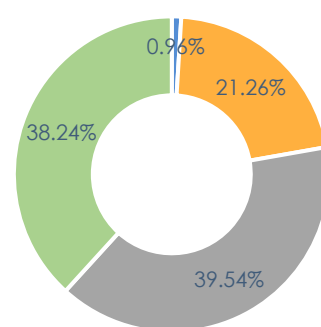
- Automotive
- Consumer Discretionary
- Financial
- Machinery
- TMT
- Utilities
- Cash
- Consumer Staples
- Insurance
- Real Estate
- Transportation & Logistics

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

Credit was marginally tighter MoM. Most new issues performed well, as we saw a continued appetite for investment grade credit. This afforded the Fund multiple opportunities to add alpha for our investors in primary and secondary markets. Considering the vast amount of new deals on offer, the Fund had its most active month in bond volume this year. What is encouraging for AUD spreads in the short to medium term, is that they have lagged the move tighter compared to the USD and EUR market. So, on that basis the bid for AUD paper should remain and the Fund is well positioned to take advantage of that.

AS AT 31 ST MAY 23	PRICE	CHG ON MTH
ITRAXX AUSTRALIA 5YR	0.83%	-0.05%
ITRAXX EUROPE 5YR	0.82%	-0.01%
ITRAXX EUROPE XOVER 5YR	4.34%	-0.01%
CDX US IG 5YR	0.76%	0.00%
CDX US HY 5YR	4.75%	0.09%

FUND METRICS

The Fund used the 38bps spike in 3yr yields to marginally increase the interest rate duration to 0.78yrs. The new issue market delivered some attractive longer dated non-financial corporate bonds which contributed to the increase in the Fund's credit duration to 3.47yrs. The spike in yields led to a move higher in the Fund's running yield which now sits at 4.95%. As we mentioned in last month's report, we have been rotating our fixed rate exposure into floating rate notes due to the attractiveness of BBSW. That trend continued in May, and we rolled another ~11% from fixed into floating. Front end rates continue to move higher with the RBA cash rate, 3-month BBSW rose another 31bps to finish the month at 3.98%.

AS AT 31 ST MAY 23	FUND	CHG ON MTH
INTEREST RATE DURATION	0.78	0.11
CREDIT DURATION	3.47	0.16
YIELD TO MATURITY	4.97%	0.28%
YIELD TO WORST	4.95%	0.29%
BLOOMBERG COMPOSITE RATING (weighted average)*	A	A

*Using the Morningstar methodology for Average Credit Quality

NEW ISSUES

A record volume month for the year in May, we recorded AUD 14.35b in issuance from 16 unique issuers. Whilst it was great to see the non-financial sector come back to life in May, it was the financials that were the month's best performers. ANZ's subordinated fixed rate bond rallied an impressive 27bps taking out the top spot in May.

ISSUER	Issue Date	Issue Size \$M	Fixed/Floating	Maturity	Next Call	Credit Spread EFP/BBSW	Month End Bid Spread	Net Change
ANZ BANKING GROUP	08-May-23	275	Fixed	16-May-33	16-May-28	2.81%	2.54%	-0.27%
UBS AUSTRALIA	09-May-23	175	Fixed	12-May-28	-	2.00%	1.88%	-0.12%
CREDIT AGRICOLE	23-May-23	300	Fixed	01-Jun-28	-	1.99%	1.88%	-0.12%

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