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 30TH SEPT 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	-0.14%	0.93%	-0.42%	-2.05%	0.75%	1.35%	2.25%	2.63%	3.44%
NET FUND RETURN	-0.20%	0.74%	-0.79%	-2.79%	0.00%	0.59%	1.49%	1.87%	2.66%
RBA CASH RATE	0.18%	0.44%	0.54%	0.59%	0.35%	0.39%	0.63%	0.81%	0.87%
ACTIVE RETURN (net Fund return - RBA cash rate)	-0.38%	0.30%	-1.33%	-3.38%	-0.35%	0.20%	0.86%	1.06%	1.79%

The 1m, 3m, 6m, 1yr, 2yr, 3yr, 4yr, 5yr and since inception net returns for Class A Units are -0.21%, 0.71%, -0.75%, -2.80%, -0.06%, 0.51%, 1.40%, 1.77% & 2.56% 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.

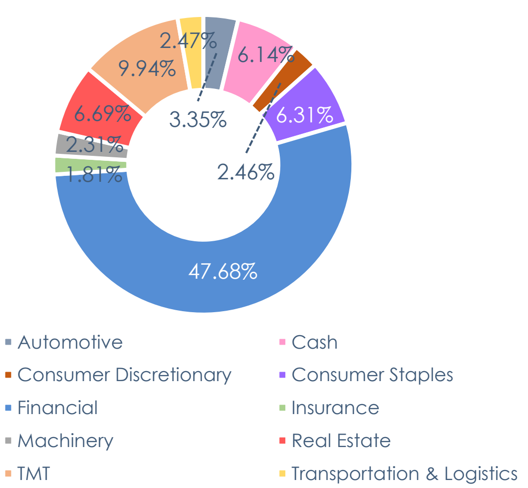
AS AT 30TH SEPT 22	OTHER BENCHMARK COMPARISONS								
	1 month	3 months	6 months	1 year	2 year (p.a.)	3 year (p.a.)	4 year (p.a.)	5 year (p.a.)	Since Inception (p.a.)
BLOOMBERG AUSBOND CREDIT FRN 0+ YR Index	0.12%	0.72%	0.64%	0.28%	0.61%	0.97%	1.45%	1.67%	1.87%
BLOOMBERG AUSBOND COMP 0-3 YR Index	-0.29%	-0.07%	-1.06%	-2.99%	-1.31%	-0.31%	0.63%	0.95%	1.08%

PORTFOLIO UPDATE

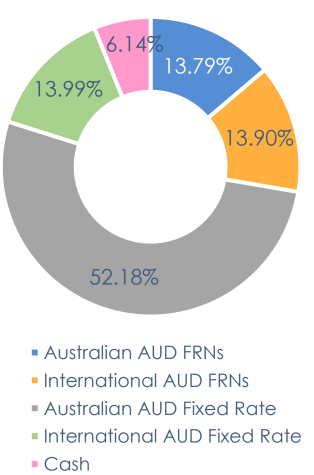
The wild gyrations in both equity and bond markets around the world increased in intensity towards the end of September. In the final days of the month, the GBP reached its nadir, as the new UK leadership unveiled a mini budget that was derided by virtually everyone; including many in their own party. The BOE was forced into the strange position of raising official rates yet buying long government bonds (effectively tightening and easing monetary policy conditions at the same time) as long duration bond prices plummeted. The doing "all that it takes" moment for the BOE has had the desired effect – the GBP and long bond prices have stabilised. However, the strain felt in the UK was reflected in bond prices and equity markets around the world. Credit spreads were significantly weaker, especially in UK assets, and volatility in all markets remains elevated as the prevailing temperature in geopolitics remains high. Veiled threats of the use of nuclear weapons by Russia, the upcoming CCP plenum and continued inflationary pressures have all contributed. The portfolio was resilient in the face of the significant market pressures. Whilst there was a general movement outwards in credit spreads, the Fund's relative performance reflects the conservative positioning in shorter duration, higher credit quality assets.

PORTFOLIO BREAKDOWN

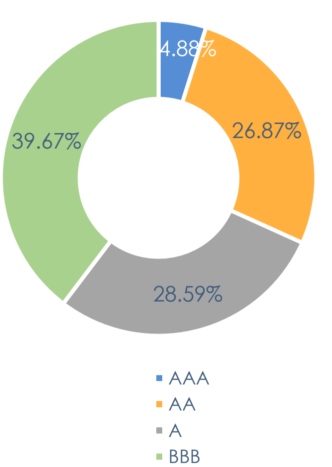
SECTOR BREAKDOWN



REGION & PRODUCT



CREDIT RATING



CREDIT SPREADS

The month started brightly but ended rather differently for credit globally. Facing a wave of volatility, credit spreads in the AUD corporate bond market outperformed, especially in comparison to the CDS market. The subordinated bank market maintained its relative strength and stayed close to its recent tights despite the previous month's heavy issuance. Anecdotally, Asian private banks are being attracted to the outright yields of 6% plus, and this provides major support to this market. Australian major bank 5yr senior spreads were 5bps to 10bps wider on the month, whereas iTraxx Australia 5yr moved from 1.08% to 1.46% as traders moved into the market to hedge inventory. Last month, the Australian CDS market lagged the move wider in spreads, which meant we had some catching up to do this month – hence the relative underperformance.

AS AT 30TH SEPT 22	PRICE	CHG ON MTH
ITRAXX AUSTRALIA 5YR	1.46%	0.38%
ITRAXX EUROPE 5YR	1.35%	0.15%
ITRAXX EUROPE XOVER 5YR	6.41%	0.53%
CDX US IG 5YR	1.08%	0.16%
CDX US HY 5YR	6.10%	0.77%

FUND METRICS

The Fund's running yield continues to increase; moving above 5% for the first time since inception. In September, 6-month BBSW rose 55bps to 3.57%, which has the positive effect of increasing our yields as our floating rate notes (FRNs) get reset higher. Fixed rate bonds still have a significant yield pick up versus FRNs, as fixed rates have sold off significantly. We have maintained our conservative approach to the Fund's positioning, concentrating on the 3yr to 5yr part of the curve. We don't believe it is time to shift longer in credit given the uncertain backdrop. We increased the interest rate duration marginally, as we saw 3yr bond yields approach 4%. We see this threshold as a fair level to lengthen duration via the 3yr part of the interest rate curve, as the RBA slows the pace of the cash rate increases.

AS AT 30TH SEPT 22	FUND	CHG ON MTH
INTEREST RATE DURATION	0.66	0.11
CREDIT DURATION	3.06	-0.16
YIELD TO MATURITY	5.02%	0.37%
YIELD TO WORST	5.05%	0.38%
BLOOMBERG COMPOSITE RATING (weighted average)*	A	A

Using the Morningstar methodology for Average Credit Quality

NEW ISSUES

Considering the market backdrop, September still produced reasonable new issue volumes with AUD 4.05b issued from 8 unique issuers. Financials continue to be the dominate sector, with the more market sensitive non-financial sector remaining relatively subdued for now. Challenger Life and AMP Bank both issued subordinated deals this month, both performed strongly in the secondary market.

ISSUER	Issue Date	Issue Size $M	Fixed/ Floating	Maturity	Next Call	Credit Spread EFP/BBSW	Month End Bid Spread	Net Change
CHALLENGER LIFE	09-Sep-22	400	Fixed	16-Sep-37	16-Sep-27	4.04%	3.90%	-0.14%
AMP BANK	29-Sep-22	200	Floating	07-Oct-32	07-Oct-27	4.65%	4.50%	-0.15%

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