

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 SEPT 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	0.33%	2.19%	3.46%	7.02%	2.39%	2.80%	2.74%	3.19%	3.97%
NET FUND RETURN	0.27%	2.00%	3.07%	6.23%	1.62%	2.04%	1.97%	2.42%	3.19%
RBA CASH RATE	0.33%	1.02%	1.97%	3.51%	2.04%	1.39%	1.16%	1.20%	1.28%
ACTIVE RETURN (net Fund return - RBA cash rate)	-0.06%	0.98%	1.10%	2.72%	-0.42%	0.64%	0.81%	1.22%	1.92%

The 1m, 3m, 6m, 1yr, 2yr, 3yr, 4yr, 5yr and since inception net returns for Class A Units are 0.26%, 1.97%, 3.00%, 6.10%, 1.56%, 1.96%, 1.88%, 2.32% & 3.09% 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 SEPT 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	0.37%	1.30%	2.53%	4.63%	2.43%	1.93%	1.88%	2.08%	2.28%
BLOOMBERG AUSBOND COMP 0-3 YR Index	-0.06%	1.21%	0.34%	2.85%	-0.11%	0.06%	0.47%	1.07%	1.34%

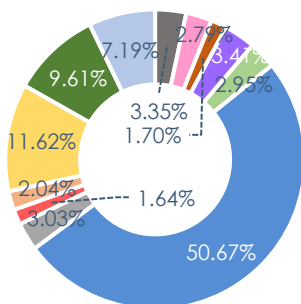
PORTFOLIO UPDATE

We witnessed another sizeable bond sell-off in September, as yields reached multi-year highs around the world. US 10yr Treasury yields ended September at 4.57%, the intraday peak on September 28th was as high as 4.68% which we haven't seen since 2007. Considering Australian 3yr government bond yields finished 40bps higher at 4.09%, we were pleased with this month's positive return and a further increase in our 1yr net return to 6.23%. Although the risk backdrop has softened throughout September, AUD investment grade corporate bonds have outperformed due to the attractiveness of all in yields currently available in the market.

Strong outperformance in September from the Fund's positions in Australia & New Zealand Banking Group, Mizuho Financial Group, Telstra, Chorus and Lloyds Banking Group. Modest underperformance came from the Fund's positions in Goldman Sachs, Bendigo & Adelaide Bank, Rabobank and the Bank of Queensland.

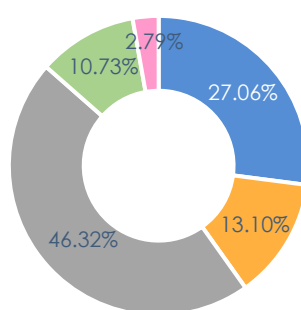
PORTFOLIO BREAKDOWN

SECTOR BREAKDOWN



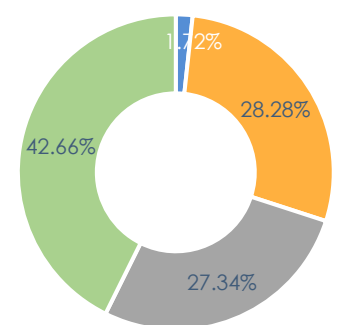
- Automotive
- Consumer Discretionary
- Educational Services
- Insurance
- Real Estate
- Transportation & Logistics
- Cash
- Consumer Staples
- Financial
- Machinery
- TMT
- Utilities

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

Similar to August, credit indices continued to drift wider and corporate bond spreads continue to tighten. In this current environment, where the credit spread component of the all-in yield is much less as a total percentage than say 2 years ago, hedging credit portfolios with credit default swaps is a lot cheaper than it has been. For example, 2 years ago the all-in yield on a 5yr corporate floating rate note could have been BBSW (0.10%) + 100 (1.00%), therefore a 1.10% all-in yield and the credit component was 90% of the total yield. Currently the same bond would yield BBSW (4.15%) + 100 (1.00%), therefore a 5.15% all-in yield and the credit component is 19% of the total yield. To hedge an AUD corporate bond portfolio with iTraxx Australia, costs 0.87% per annum in the current market. So, while the market risks remain along with relatively cheap hedging costs, the basis between cash bond spreads and credit default swaps may continue to widen.

AS AT 30 TH SEPTEMBER 23	PRICE	CHG ON MTH
ITRAXX AUSTRALIA 5YR	0.87%	0.10%
ITRAXX EUROPE 5YR	0.80%	0.09%
ITRAXX EUROPE XOVER 5YR	4.28%	0.32%
CDX US IG 5YR	0.74%	0.10%
CDX US HY 5YR	4.81%	0.55%

FUND METRICS

The Fund was very active throughout September, as the new issue market produced plenty of relative value opportunities in primary and secondary markets. Although trading volume was elevated throughout the month, there were only very small changes in the Fund's interest rate duration and credit duration. Even though new issuance levels are high, so is the demand. There is a healthy balance between the price where corporates are willing to issue their debt, and the price investors are willing to pay. This means that most deals are performing well in the secondary market, which in turn motivates more corporates to issue bonds and more investors to take part in the new issues. As we enter Q4, we are cognisant that October is historically a very volatile month, so we will remain nimble and position the Fund accordingly.

AS AT 30 TH SEPTEMBER 23	FUND	CHG ON MTH
INTEREST RATE DURATION	0.82	-0.11
CREDIT DURATION	3.56	0.00
YIELD TO MATURITY	5.53%	0.27%
YIELD TO WORST	5.47%	0.26%
BLOOMBERG COMPOSITE RATING (weighted average)*	A	A

*Using the Morningstar methodology for Average Credit Quality

NEW ISSUES

2023 will eclipse all previous years in outright AUD corporate bond issuance. YTD volumes according to our records, stand at AUD 91b which equals the previous volume record set in 2022. It was great to see some non-financial sector issuance in October which were well received by the market and subsequently, this month's top performers.

ISSUER	Issue Date	Issue Size \$M	Fixed/Floating	Maturity	Next Call	Credit Spread EFP/BBSW	Month End Bid Spread	Net Change
CHORUS	07-Sep-23	300	Fixed	18-Sep-30	-	1.80%	1.60%	-0.20%
TOYOTA FINANCE AUS	08-Sep-23	375	Fixed	15-Sep-26	-	1.28%	1.12%	-0.16%
WESTCONNEX	28-Sep-23	550	Fixed	09-Oct-30	-	1.70%	1.60%	-0.10%

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