

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 30 TH NOV 21	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.)	Since Inception (p.a.)
GROSS FUND RETURN	-0.04%	-0.52%	0.06%	1.37%	2.49%	3.37%	3.41%	4.37%
NET FUND RETURN	-0.10%	-0.71%	-0.32%	0.61%	1.72%	2.60%	2.64%	3.59%
RBA CASH RATE	0.01%	0.02%	0.05%	0.10%	0.24%	0.57%	0.80%	0.92%
ACTIVE RETURN (net Fund return - RBA cash rate)	-0.11%	-0.74%	-0.37%	0.51%	1.49%	2.03%	1.83%	2.67%

The 1m, 3m, 6m, 1yr, 2yr, 3yr, 4yr and since inception net returns for Class A Units are -0.12%, -0.74%, -0.38%, 0.50%, 1.61%, 2.48%, 2.51% & 3.47% 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.

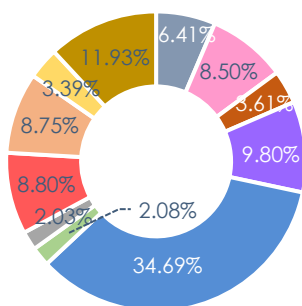
AS AT 30 TH NOV 21	OTHER BENCHMARK COMPARISONS							
	1 month	3 months	6 months	1 year	2 year (p.a.)	3 year (p.a.)	4 year (p.a.)	Since Inception (p.a.)
BLOOMBERG AUSBOND CREDIT FRN 0+ YR Index	-0.02%	-0.18%	0.06%	0.29%	1.11%	1.70%	1.86%	2.12%
BLOOMBERG AUSBOND COMP 0-3 YR Index	0.37%	-0.66%	-0.55%	-0.40%	0.60%	1.54%	1.65%	1.78%

PORTFOLIO UPDATE

On the first day of trading in November, interest rate markets began to reverse some of the extraordinary rises that occurred in October. On November 1st, 3yr yields rallied almost 20bps to finish the day at 1.19%. The remainder of the month was a lot less volatile and 3yr yields traded in a 17bp range. Global inflation expectations took a backseat to Omicron towards the end of the month, although we expect inflation to pose a greater risk to markets than the latest COVID variant. In saying that, some countries in Western Europe are now going back into lockdown due to rampant cases of Delta; assumed to be due to low vaccination rates. Fortunately, in Australia most internal borders excluding Western Australia should be open for the holiday period, which will bode well for the economy considering the recent increase in the level of household savings. With 5-6% growth predicted for Australia in 2022, corporate balance sheets are well positioned to prosper. The Fund's interest rate duration positioning contributed positively to the month's returns. However, credit spreads were wider across the board in November which dragged returns into slightly negative territory. Considering the extreme volatility we have seen in interest rates this year, combined with the widening in credit spreads over the back half of the year, we are pleased to have produced a positive return for 2021. Looking forward to 2022, we are in a good position given; the level of outright yields, the recent widening in credit spreads, the positive tail wins to the Australian economy and the ever-expanding depth and breadth of the AUD corporate bond market.

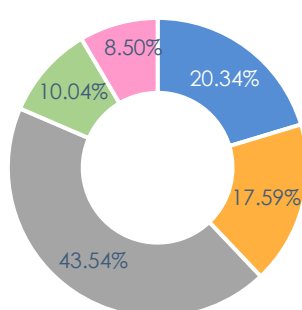
PORTFOLIO BREAKDOWN

SECTOR BREAKDOWN



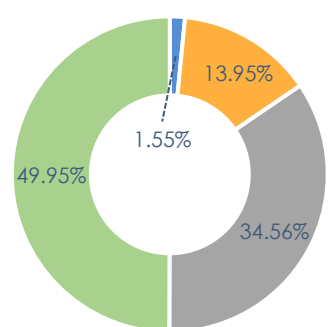
- Automotive
- Consumer Discretionary
- Financial
- Machinery
- TMT
- Utilities
- Cash
- Consumer Staples
- Insurance
- Real Estate
- Transportation & Logistics

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 spreads drifted wider over the month, with Australian major bank spreads continuing to underperform. Non-financial corporates lagged the move wider initially, then Omicron headlines took centre stage which triggered a broader move wider. As to be expected, those sectors most impacted by further lockdowns underperformed, such as Airlines, Airports & REITS. Some new corporate bonds issued in November at cheaper levels than their secondary market curves, pushed their own spreads and others within the sector wider. Longer dated bonds are still unloved and we are now starting to see some great opportunities in that part of the curve.

GLOBAL CREDIT INDICES	PRICE	CHG ON MTH
ITRAXX AUSTRALIA 5YR	0.73%	0.08%
ITRAXX EUROPE 5YR	0.58%	0.07%
ITRAXX EUROPE XOVER 5YR	2.88%	0.27%
CDX US IG 5YR	0.58%	0.05%
CDX US HY 5YR	3.27%	0.23%

FUND METRICS

Interest rates trended down in November, so we took profit on some duration added to the Fund in the October sell off. Whilst COVID variants will continue to cause problems and extenuate existing ones, such as the supply and shipping issues, global vaccination rates continue to rise. The greatest threat to risk markets we believe is inflation and its not so transitory nature. Hence, we would expect the Fund's interest rate duration to trend lower not higher, based on the current environment. Credit looks the most attractive it has all year, as both fundamental and technical factors are positive, so once the holiday period passes and we re-open mid to late January, we think the stage is set for credit to outperform.

AS AT 30 TH NOV 21	NOV '21	CHG ON MTH
INTEREST RATE DURATION	0.59	-0.14
CREDIT DURATION	3.91	0.25
YIELD TO MATURITY	2.21%	-0.01%
YIELD TO WORST	2.08%	-0.01%
BLOOMBERG COMPOSITE RATING (weighted average)*	A	A

*Using the Morningstar methodology for Average Credit Quality

NEW ISSUES

A reasonably subdued month for new issue volumes, we recorded AUD 3.65b from 10 unique issuers. The labelled bond market continues to go from strength to strength with new deals issued by Mercury (green bond) and Optus (sustainability linked bond). The only issued AUD corporate bond to finish the month tighter than their issued price was Computershare, an inaugural issue for one of Melbourne's first start-up technology companies.

ISSUER	Bond Type	Issue Date	Issue Size \$M	Fixed/Floating	Maturity	Credit Spread EFP/BBSW	Month End Bid Spread	Net Change
MERCURY NZ	Green	10-Nov-21	200	Fixed	17-Nov-28	1.15%	1.20%	0.05%
SINGTEL OPTUS	Sustainability linked	19-Nov-21	300	Fixed	24-Nov-28	0.82%	0.89%	0.07%
COMPUTERSHARE	General corp purpose	23-Nov-21	300	Fixed	30-Nov-27	1.25%	1.20%	-0.05%

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