

### Celeste Australian Small Companies Fund

#### Performance Statistics (Total Returns net of fees)

	1 mth %	1 yr %	3 yrs % p.a.	5 yrs % p.a.	10 yrs % p.a.	15 yrs % p.a.
Celeste Aust. Small Co. Fund	-9.5	+3.2	+14.4	+8.8	+7.8	+5.4
<b>Performance (relative to Index)</b>	<b>-0.5</b>	<b>-3.5</b>	<b>+4.3</b>	<b>-0.8</b>	<b>+1.6</b>	<b>+2.8</b>
S&P/ASX Small Ords Acc Index	-9.0	+6.7	+10.1	+9.6	+6.2	+2.6
S&P/ASX Small Inds Acc Index	-9.8	+2.3	+8.8	+8.7	+9.8	+3.6
S&P/ASX Small Res Acc Index	-5.9	+23.8	+15.0	+13.1	-2.4	0.0

Past performance is not indicative of future returns. Total returns shown for the Celeste Australian Small Companies Fund has been calculated using exit prices after taking into account all of the Fund's ongoing fees and assuming reinvestment of distributions. No allowance has been made for entry fees or taxation.

#### Portfolio Commentary

The Fund fell 9.5% (net of fees) in January, with its benchmark, the S&P/ASX Small Ordinaries Accumulation Index decreasing by 9.0%. Since inception (May 1998) the Fund's return is 12.8% pa, net of all fees, against the Index's 6.1% pa.

**Credit Corp (CCP)** held up well in January, rising 1.2% in a weak market. CCP reported 8% 1H22 profit growth on 1st February. The US business grew market share, as strong debt purchasing and increased collections productivity resulted in 31% profit growth despite difficult labour market conditions. The domestic lending business was negatively impacted by lockdowns earlier in the period but saw a rebound in demand over the December quarter. Domestic PDL purchasing volumes remain subdued, with the Radio Rentals acquisition expected to sustain collection levels as volumes return. CCP is well positioned for a recovery in debt charge-offs and the new lending products launched during the period should drive additional growth in the business.

**Eclix Group (ECX)** fell 5.0% in January, better than the broader market move. The company proposed major changes to the remuneration structure which on balance, we believe will bode well for shareholders. The introduction of a minimum shareholding amount across management personnel is a positive and strengthens alignment. In addition, the introduction of a EPS hurdle of 6.5% p.a. over three-years (normalised for Covid-19 impacts), if achieved would allow full compensation for the CEO and imply material upgrades to current consensus expectations. While end-of-lease income may continue driving short-term earnings, we believe via an improved balance sheet and buyback program, ECX is better positioned to grow as vehicle supply issues abate.

**Perpetual (PPT)** fell 9.1% in January, closely following the broader market move. PPT announced a second quarter update towards the end of January where it provided its maiden net profit guidance which was materially (~10%) above consensus. Combined with asset growth in all PPT's division, this announcement signals management's confidence in the momentum of the business. PPT has recently launched a number of new products that is driving momentum in inflows including two active exchange traded funds (ETFs) addressing demand from investors to access ESG and innovation thematics. PPT's US division launched two mutual funds which establishes a platform that opens the retail channel to access Barrow Hanley for the first time. The integration of the newly acquired Laminar and Jacaranda businesses appear to be progressing as planned.

#### Global Index Performance (Accumulation)

	1 month %	1 year %	3 years % pa
Australia – S&P/ASX All Ordinaries	-6.6	+9.7	+10.8
USA – S&P 500	-5.3	+21.6	+18.6
USA – NASDAQ Composite	-9.0	+8.9	+25.1
Europe – FTSE (UK)	+1.1	+16.5	+2.3
Europe – DAX (Germany)	-2.6	+15.2	+11.5
Asia – Nikkei (Japan)	-6.2	-2.4	+9.1
Asia – Shanghai Composite (China)	-7.6	-3.5	+9.2

Source: IRESS

**Omni Bridgeway (OBL)** fell 12.0% in January. Despite the uncertainty surrounding Omicron, courts have continued at pace in the US and elsewhere. OBL's 2Q22 Portfolio update, released late in the month, highlighted a strong start to the year with a number of investments completing. The company also noted they remain on track to receive cash distributions from early generation funds in FY23 or earlier, and expects to establish a new fund before financial year-end. OBL continued its expansion in the US with several C-suite appointments. We expect the upcoming half-year result to highlight the pathway to stable earnings and growth in FUM

#### Market Commentary

After rising through 2021, the Small Ordinaries plunged in January as markets braced themselves for faster than expected tightening of monetary policy from the RBA and other major central banks around the world. The Small Ordinaries fell 9.0% underperforming the ASX200 which fell 6.4%. Despite falling 5.9% the Small Resources Index outperformed the broader commodities market on the back of a broad commodity price increases.

Omicron had a greater-than-expected inflationary impact with Q4 headline CPI coming higher than expected at 3.5% y/y and underlying inflation lifted sharply to 2.6% which was above RBA's own forecast and market consensus. As a response, the RBA acknowledged that the rates have risen more quickly than expected and has officially decided to cease further bond purchases from 10 February. Markets saw the Australian and US 10-year yields surge as investors expect quicker monetary tightening.

The recovery of the Australian economy is still underway as the RBA now forecasts GDP growth of 4¼ % over 2022 as the economic recovery continues to be supported by rising dwelling prices, an upswing in business investment, large construction pipeline, low unemployment, and accommodative macroeconomic policies.

#### Portfolio Top 5 Holdings

Stock	% of Fund
1 ARB CORPORATION	4.0
2 BREVILLE GROUP	3.8
3 DETERRA ROYALTIES	3.7
4 IRESS	3.4
5 EAGERS AUTOMOTIVE	3.3

## Fund at a Glance

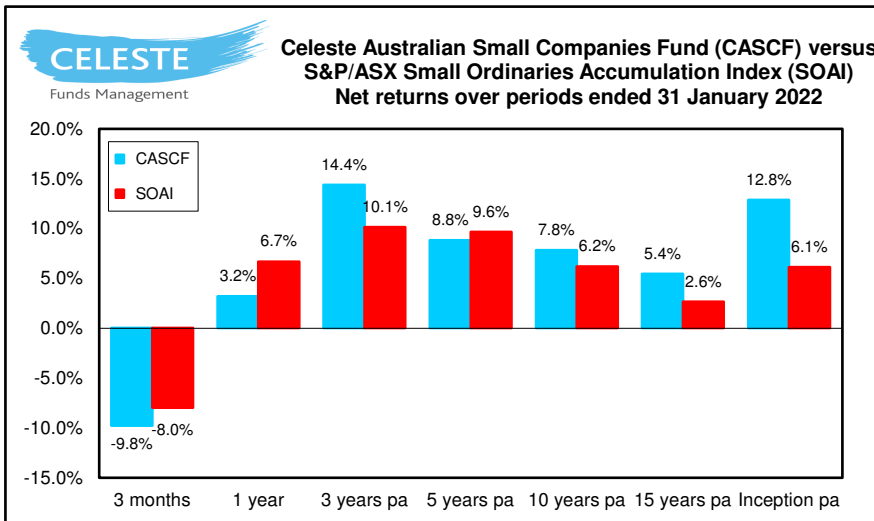
### Fund Information

<b>Primary Investments</b>	Shares in listed Australian smaller companies
<b>Investment objective</b>	Exceed Small Ordinaries Accumulation Index over rolling 5 year periods
<b>Unit price (redemption) as at 31.01.2022</b>	\$4.1911
<b>Unit price (application) as at 31.01.2022</b>	\$4.2164
<b>Fund Size as at 31.01.2022</b>	\$85m
<b>Minimum investment</b>	\$25,000
<b>Minimum additional investment</b>	\$1,000
<b>Minimum balance</b>	\$15,000
<b>Redemption will generally be available in</b>	7 days
<b>Distributions</b>	30 June and 31 December
<b>Entry fee*</b>	0%
<b>Exit fee*</b>	0%
<b>Buy/Sell differential*</b>	0.30%
<b>Management fee*</b>	1.10% p.a
<b>Performance fee**</b>	20% of return above benchmark

\* These fees and charges apply for the duration of the Product Disclosure Statement (PDS) and are inclusive of the Goods and Services Tax.

\*\* A fee charged on performance of the investments of the Fund above the nominated benchmark performance. The benchmark is the S&P/ASX Small Ordinaries Accumulation Index.

### Fund Returns



Past performance is not indicative of future returns. Total returns shown for the Celeste Australian Small Companies Fund has been calculated using exit prices after taking into account all of the Fund's ongoing fees and assuming reinvestment of distributions. No allowance has been made for entry fees or taxation.

### Distribution History

Total distribution year ended	Cents Per Unit	Annual Yield %**
June 12	4.07	1.4
June 13	15.81	5.5
June 14	14.56	5.4
June 15	12.67	4.5
June 16	9.95	4.0
June 17	6.87	2.6
June 18	7.01	2.2
June 19	10.46	2.9
June 20	9.51	2.8
June 21	14.02	4.3

\*\* CPU / unit price at beginning of period

Celeste Funds Management Limited ABN 78 098 628 605 (AFSL 222 445) (Celeste) is authorised to provide financial product services to wholesale clients. This report is intended to provide only general securities information and is not to be construed as financial product advice, solicitation of an offer to buy or sell any financial product or a recommendation to buy, sell or hold a particular financial product. Accordingly, reliance should not be placed on this report as the basis for making an investment, financial or other decision. The information in this report does not take into account your investment objectives, financial situation or particular needs. Whilst every effort is taken to ensure the information in this report is accurate, its accuracy, reliability or completeness is not guaranteed.

This report has been prepared by Celeste, the investment manager of the Celeste Australian Small Companies Fund (Fund), and issued by The Trust Company (RE Services) Limited ABN 45 003 278 831 (AFSL 235 150) (Perpetual) as the Responsible Entity of and issuer of units in the Fund. Retail clients can invest in units in the Fund issued by Perpetual. Perpetual is authorised to deal with retail clients and a product disclosure statement (PDS) issued by Perpetual is available from Celeste Funds Management Limited (02) 9216 1800 or at [www.celestefunds.com.au](http://www.celestefunds.com.au). You should obtain and consider the PDS before deciding whether to acquire, or continue to hold, an interest in the Fund. Initial applications for units in the Fund can only be made pursuant to the application form attached to the PDS. Before making any decision to make or hold any investment in the Fund you should consider the PDS in full as well as the Fund's Target Market Determination (available at [www.celestefunds.com.au](http://www.celestefunds.com.au)) which outlines the likely objectives, financial situation and needs of customers the Fund has been designed for. You should consider your own investment objectives, financial situation and particular needs before acting upon any information provided and consider seeking advice from a financial advisor if necessary. Neither Celeste nor any company in the Perpetual Group (Perpetual Limited ABN 86 000 431 827 and its subsidiaries), nor their officers, employees or agents, in any way guarantee the performance of the Fund or the return of the capital value of your investment.

<sup>1</sup> Total returns shown for the Celeste Australian Small Companies Fund has been calculated using exit prices after taking into account all of the Fund's ongoing fees and assuming reinvestment of distributions. No allowance has been made for entry fees or taxation. You should not base an investment decision simply on past performance. Past performance is not an indicator of future performance. Returns are not guaranteed and so the value of an investment may rise or fall.

### Celeste Funds Management Limited

Level 14, 15 Castlereagh Street, Sydney NSW 2000. GPO Box 4266, Sydney NSW 2001

T 02 9216 1800 F 02 9216 1899 E [contact@celestefunds.com.au](mailto:contact@celestefunds.com.au)

[www.celestefunds.com.au](http://www.celestefunds.com.au)