

### 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	+0.5	+3.6	+11.5	+8.3	+7.1	+5.5
<b>Performance (relative to Index)</b>	<b>+0.5</b>	<b>-1.4</b>	<b>+3.8</b>	<b>-1.1</b>	<b>+1.6</b>	<b>+3.0</b>
S&P/ASX Small Ords Acc Index	0.0	+5.0	+7.7	+9.4	+5.5	+2.5
S&P/ASX Small Inds Acc Index	-2.1	-1.2	+5.6	+7.9	+8.6	+3.5
S&P/ASX Small Res Acc Index	+7.9	+30.7	+15.7	+14.9	-2.0	+0.2

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#### Portfolio Commentary

The Fund rose 0.5% (net of fees) in February, with its benchmark, the S&P/ASX Small Ordinaries Accumulation Index flat for the month. Since inception (May 1998) the Fund's return is 12.8% pa, net of all fees, against the Index's 6.1% pa.

**NRW Holdings (NWH)** rose 36.3% in the month, with the market responding favourably to the half-year result. The company delivered strong headline numbers and improved margins, which restored sentiment around contract claims and labour constraints – previously an area of contention during the peak of covid. We suspect the market's view of this stock will continue to improve, with NWH trading cheaply in the meantime. As a quality operator with a breadth of capability, we expect the company will further bolster its growing order book. It is also a beneficiary of the commodity environment, with a tender pipeline of \$19.5bn in the next 12 months, providing resources exposure with an asymmetric risk-reward skew.

**Smartgroup Corporation (SIQ)** rose 17.2% off the back of a strong full year result. Despite Omnicom and vehicle supply chain challenges, SIQ showed continued momentum in organic growth and improved efficiency. As a result, they were able to deliver a special dividend of 30cps making the total dividend more than double that of consensus. Renewal rates were strong in FY21 with SIQ renewing all top 20 contracts out for tender; moreover Management expressed confidence in renewing two of the top 10 contracts that are up for renewal before June 2022. SIQ's implementation of its Smart Futures strategy is also going well and Management reaffirmed that they are on track to achieve the \$15-20m guided EBITDA improvement above its organic growth by FY24.

**Integral Diagnostics (IDX)** fell 13.7% in the month due to a weak 1H22 result that was reflective of extremely difficult trading conditions. Reduced patient activity, staff shortages and delays to equipment repairs all contributed to a 22% decline in operating NPAT. The company also announced the acquisition of Peloton Radiology, a 9-clinic radiology network located in the high-growth corridor of Southeast Queensland. The upfront purchase price of \$67m was funded via a \$90m equity raise, implying a multiple of 8.8x pro forma FY22 EBITDA with the remaining funds expected to be used for further acquisitions. As the outlook for the operating environment improves, we believe the recent acquisitions and ongoing growth capex will see IDX emerge as a stronger and more diversified business.

#### Global Index Performance (Accumulation)

	1 month %	1 year %	3 years % pa
Australia – S&P/ASX All Ordinaries	+1.7	+10.0	+9.3
USA – S&P 500	-3.1	+14.8	+16.2
USA – NASDAQ Composite	-3.4	+4.2	+22.2
Europe – FTSE (UK)	-0.1	+15.0	+1.8
Europe – DAX (Germany)	-6.5	+4.9	+7.9
Asia – Nikkei (Japan)	-1.8	-8.4	+7.4
Asia – Shanghai Composite (China)	+3.0	-1.3	+5.6

Source: IRESS

**City Chic Collective (CCX)** fell 20.4% in the month on the back of its 1H22 result. Despite delivering strong topline growth, the market reacted to CCX's inventory purchasing in response to supply chain disruption. Physical store closures likely exacerbated the response, with sales temporarily skewed towards lower margin channels. However, prudent inventory stocking will enable CCX to participate in key sales periods like summer in the Northern Hemisphere. The alternative is a stockout – an unfortunate narrative we have seen play out with competitors. Ultimately CCX continues to deliver a quality product with high demand – evidenced by strong growth in online sales, particularly in its key growth market of USA. Despite short-term hurdles, we believe a long runway of opportunity awaits.

#### Market Commentary

February saw investors gripped by Russia's invasion into Ukraine, adding to the significant risks to the global economy already suffering from soaring inflation and a lingering pandemic. While the situation remains fluid, the humanitarian crisis has quickly found its way into financial market pricing. By month end an estimated 660,000 refugees fled Ukraine, the MOEX Russia Index fell 30% and WTI surged to just over \$100 per barrel, the first time since 2014.

With the western response to the Ukrainian invasion ongoing, actions so far have been swift and significant. Sanctions imposed have been wide-ranging, targeted at the Russian elite through to the country's central bank, financial services and even sports, which has included the suspension of Russian teams in the FIFA and the cancellation of the Russian Grand Prix.

In Australia, the RBA remains dovish with the cash rate unchanged at 0.1% based on tepid wage growth, reinforced by the uncertainty created from the Ukraine crisis. This is a stark contrast to what is being reflected in futures market pricing which suggests 4 hikes by year end.

Looking ahead, we expect markets to remain volatile with the Ukraine crisis adding further uncertainty to a market already grappling with inflation, the pandemic and significant central bank stimulus withdrawal.

#### Portfolio Top 5 Holdings

Stock	% of Fund
1 NRW HOLDINGS	3.8
2 OMNI BRIDGEWAY	3.7
3 BREVILLE GROUP	3.5
4 EAGERS AUTOMOTIVE	3.5
5 MONADELPHOUS GROUP	3.4

## Fund at a Glance

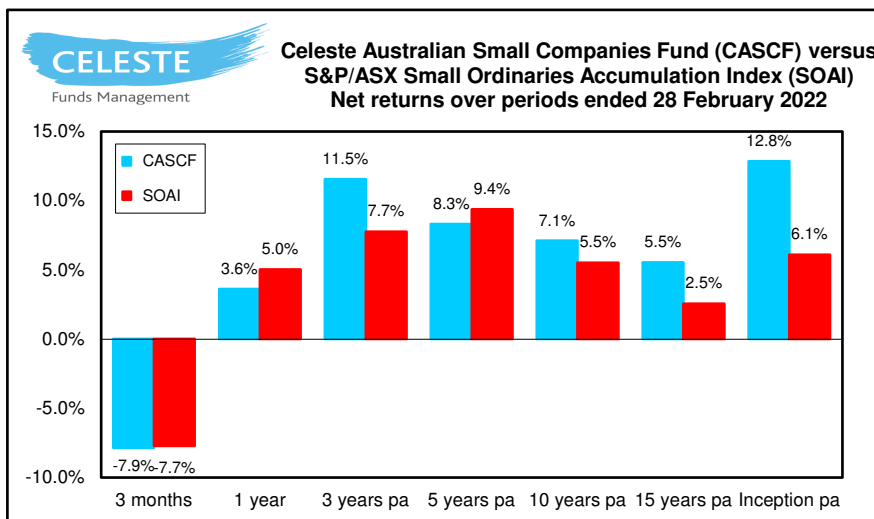
### Fund Information

<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 28.02.2022</b>	\$4.2125
<b>Unit price (application) as at 28.02.2022</b>	\$4.2379
<b>Fund Size as at 28.02.2022</b>	\$86m
<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



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### 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

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<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.

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