

### 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	-3.0	-5.4	+9.5	+7.9	+6.5	+5.2
<b>Performance (relative to Index)</b>	<b>-1.5</b>	<b>-8.3</b>	<b>+1.9</b>	<b>-1.7</b>	<b>+0.5</b>	<b>+3.0</b>
S&P/ASX Small Ords Acc Index	-1.5	+2.9	+7.6	+9.6	+6.0	+2.2
S&P/ASX Small Inds Acc Index	-2.1	-5.8	+3.6	+7.1	+8.3	+3.0
S&P/ASX Small Res Acc Index	+0.3	+39.2	+23.1	+19.3	0.0	0.0

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#### Portfolio Commentary

The Fund fell 3.0% (net of fees) in April, with its benchmark, the S&P/ASX Small Ordinaries Accumulation Index decreasing by 1.5% over the month. Since inception (May 1998) the Fund's return is 12.7% pa, net of all fees, against the Index's 6.2% pa.

**NIB Holdings** (NHF) rose 11.3% during the month, with no new material announcements from the company. What stood out over the period was the release of student visa data from the Department of Home Affairs. The report highlighted a steep recovery in visas granted over the quarter, +40% in 3Q22 (representing close to 90% of pre-COVID-19 levels), suggesting upside risk in NHF's International Students division relative to market expectations.

**GQG Partners** (GQG) rose 4.3% during the month, delivering a strong 1Q FUM update early in May. The business experienced net inflows of US\$3.4B despite a challenging macro environment, and continues to deliver steady performance alongside a competitive fee structure.

**Judo Capital Holdings** (JDO) fell 1.4% during the month following their monthly loan book update that was in-line with prospectus forecasts. With gross loans and advances of \$5.3b as of 31 March and a pipeline of \$1.1b, JDO remain on track to achieve their 30 June 2022 guidance of \$6.0b.

**Iress** (IRE) fell 7.5% during the month, compared to the broader ASX 200 technology sector which fell 9.6%. IRE announced it had ceased divestment of its UK Mortgages business (MSO) due to global market volatility and the subsequent decline in technology valuations. While the valuations bidders put forward for MSO were below IRE's expectations, the company noted a strong pipeline of opportunities in MSO and re-iterated full-year group NPAT guidance of \$75 - \$82m.

**City Chic Collective** (CCX) fell 12.1% during the month, despite releasing a strong trading update for the first 8 weeks of 2H22. The update highlighted strong momentum in topline growth, particularly in EMEA and Americas. These are positive indicators for the key selling period of Northern Hemisphere Summer. Due to strong inventory planning, CCX holds product in market and ready to service peak demand, while increased shipping delays continue to hamstring the rest of the sector.

After raising \$80m in March for acquisitions, **PSC Insurance** (PSI) rose 1.6% following their purchase of the Victoria-based Alan Wilson Insurance Brokers for a total consideration of \$17.5m and is expected to generate an incremental EBITDA of over \$1.8m in its first 12 months.

#### Global Index Performance (Accumulation)

	1 month %	1 year %	3 years % pa
Australia – S&P/ASX All Ordinaries	-0.8	+10.2	+10.2
USA – S&P 500	-8.8	-1.2	+11.9
USA – NASDAQ Composite	-13.3	-11.7	+15.1
Europe – FTSE (UK)	+0.4	+8.2	+0.6
Europe – DAX (Germany)	-2.2	-6.9	+4.5
Asia – Nikkei (Japan)	-3.5	-6.8	+6.4
Asia – Shanghai Composite (China)	-6.3	-11.6	-0.3

Source: IRESS

#### Market Commentary

Volatility continued in April as global markets grappled with central banks cooling an over-heated, capacity-constrained economy in a time of deglobalisation and war. Globally, Australia remained among the most resilient equity markets with the Small Ordinaries Accumulation Index falling 1.5% for the month, compared to the S&P500 down 8.8%.

The relative outperformance of the Small Resources sector versus the Small Industrials sector continued to be driven commodity price strength post the invasion of the Ukraine by Russia, with Energy related commodities a particular area of strength. Performance of the Small Industrials sector has, in-part, been driven by the elongation of inflationary expectations, which has seen key Central Banks raise interest rates. Yield curves, which initially steepened and resulted in a broad sell off in expensive and unprofitable companies, inverted as the market begins to price in the likelihood of recession due to a combination of cost pressures, declining real incomes and rising rates.

Globally, April saw further complications in supply chain disruptions as China re-entered COVID lockdowns. In addition to supply chain woes, domestic CPI breached the 3% upper target, bringing concerns around the persistence and extent of inflation center stage. This was reflected in market pricing, which saw a material uplift in the number of RBA hikes priced in by year-end. By the end of April, the market anticipated 10 hikes and a cash rate of 2.5% by December 2022, compared to 7 hikes, and a cash rate of 1.8% in December 2022 at the beginning of the month.

Looking ahead, with market expectations implying an aggressive hiking cycle, we expect central banks will be tested in their ability to enact policy notwithstanding recession risk, war escalation, household debt stress and the potential for stalling demand in the midst of persistent supply disruptions. As a consequence of the macro backdrop remaining fluid, we expect continued volatility in equity markets. Nevertheless, as we have spoken to in the past, we will look to apply our process and be opportunistic with companies we feel have been mispriced by the market.

#### Portfolio Top 5 Holdings

Stock	% of Fund
1 ECLIPX GROUP	3.9
2 OMNI BRIDGEWAY	3.9
3 DETERRA ROYALTIES	3.6
4 NRW HOLDINGS	3.4
5 EAGERS AUTOMOTIVE	3.4

## Fund at a Glance

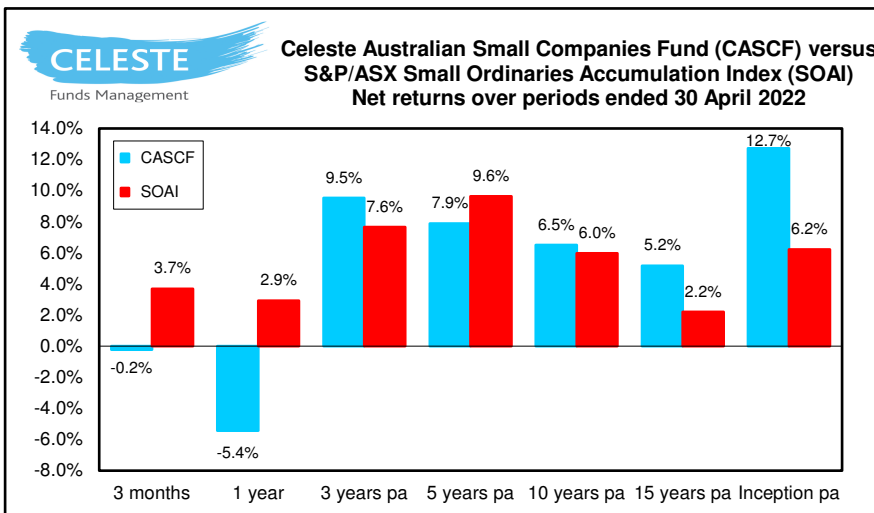
### Fund Information

<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 30.04.2022</b>	\$4.1808
<b>Unit price (application) as at 30.04.2022</b>	\$4.2060
<b>Fund Size as at 30.04.2022</b>	\$87m
<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.

### 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)