

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 ¹	-1.2	-13.7	+14.6	+3.0	+4.4	+5.5
Performance (relative to Index)	-0.5	-0.5	+1.5	-0.9	-0.8	+3.3
S&P/ASX Small Ords Acc Index	-0.7	-13.2	+13.1	+3.9	+5.2	+2.2
S&P/ASX Small Inds Acc Index ²	-3.0	-12.8	+9.3	+2.6	+5.7	+4.1
S&P/ASX Small Res Acc Index ²	+5.6	-15.8	+27.5	+8.2	+2.7	-2.3

Past performance is not indicative of future returns.

Portfolio Commentary

The Fund fell 1.2%¹ (net of fees) in March, with its benchmark, the S&P/ASX Small Ordinaries Accumulation Index, decreasing by 0.7% over the month. Since inception (May 1998) the Fund's return is 11.7%¹ p.a. (net of all fees), against the Index's 5.4% p.a.

United Malt Group (UMG) rose 33.1% in March after receiving a conditional, non-binding and indicative proposal to acquire all ordinary shares for \$5.00 cash (+45.3% to last close) from Malteries Soufflet, the second largest maltster globally. The bid was the fourth received by UMG over the last 4 months post a period of share price underperformance. It highlights the significant strategic value in UMG's global asset footprint in a period of broader industry consolidation. Malteries Soufflet has been granted an exclusive 10-week due diligence period to assist it in providing a binding proposal.

Global financial sector instability saw the AUD gold price rally to record highs, resulting in domestic miners **Silver Lake Resources (SLR)** and **Gold Road Resources (GOR)** rising 16.4% and 16.0% respectively. Our focus remains on production growth out of SLR's Deflector asset as well as the operational turnaround at the recently acquired Sugar Zone project. Additionally, GOR's prospects are promising with improving grade at Gruyere and the investment in De Grey Mining (DEG) offering strong upside potential.

Monadelphous Group (MND) rose 6.6% in March. The company announced \$125m of new contracts and contract extensions with work across the lithium, iron ore and LNG sectors in WA, bringing total contract wins in FY23 to approximately \$1.1b. MND also announced the closure of Buildtek, their 90% owned Chilean construction and maintenance services business. The Chilean resources sector has been significantly impacted by COVID which impacted Buildtek's financial performance and significantly increased its working capital requirements. Buildtek contributed 5% of total revenues in FY22 and thus the cessation of operations isn't expected to have a material impact on net assets or FY23 earnings. MND reiterated their previous FY23 guidance provided at the 1H23 result.

NRW Holdings (NWH) fell 1.8% in March. During the month the company announced the acquisition of OFI Group, a specialist in electrical engineering services and integration for \$4m. OFI Group has an established history working with NWH's RCR business and should enhance the capabilities of the METS division with expected FY24 revenue contribution of \$40m. Additionally, NWH announced 2 new contracts won by the METS division with Fortescue Metals Group (FMG) with a total value of \$64m.

¹ 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.

² The S&P/ASX Small Industrials Accumulation Index and the S&P/ASX Small Resources Accumulation Index are used in the table for illustrative purposes. The S&P/ASX Small Industrials Accumulation Index represents all industrial companies within the S&P/ASX Small Ordinaries Accumulation Index. The S&P/ASX Small Resources Accumulation Index represents all resource companies within the S&P/ASX Small Ordinaries Accumulation Index.

Global Index Performance (Accumulation)

	1 month %	1 year %	3 years % pa
Australia – S&P/ASX All Ordinaries	-0.2	-1.1	+17.3
USA – S&P 500	+3.5	-9.3	+16.7
USA – NASDAQ Composite	+6.7	-14.1	+16.6
Europe – FTSE (UK)	-3.1	+1.5	+10.4
Europe – DAX (Germany)	+1.7	+8.4	+16.3
Asia – Nikkei (Japan)	+2.2	+0.8	+14.0
Asia – Shanghai Composite (China)	-0.2	+0.6	+6.0

Source: IRESS

Market Commentary

The Small Ordinaries Accumulation Index fell 0.7% in March underperforming the ASX200 Accumulation Index which fell 0.2%. For the month, the S&P500 rose 3.5%, while the FTSE 100 was down 3.1%. Commodities were mixed with Gold up 6.3% and Copper up 0.5% but Iron Ore down 0.8%, Coal down 7.7% and Crude Oil -1.8%. Bond yields retraced sharply in the month with the Australian 10-year falling 55bps and the US 10-year falling 47bps, however the US yield curve remains inverted, a historically reliable indicator of recession.

Within the Australian market there was a significant divergence in performance between the Small Ordinaries Industrials Index which fell 3.9% and the Small Ordinaries Resources Index which rose 5.2%. This was most pronounced in the lithium space where the disclosure of a rejected indicative proposal for Liontown Resources (LTR) from NYSE-listed Albemarle for \$2.50 per share, a 63.9% premium to last close boosted sector-wide share prices late in the month, a notable decoupling from the underlying Lithium Carbonate price which slid 41.9% over the month.

During the month we saw the first significant impact of tightening global monetary policy with three bank failures in the US and a Swiss government brokered acquisition of Credit Suisse by UBS. Silvergate Bank faced a bank run following the FTX bankruptcy forcing them to crystallise large losses on their MBS and bond portfolios leading to a voluntary liquidation announcement on March 8. Silicon Valley Bank (SVB) quickly followed with withdrawals from their tech-skewed customer base forcing a similar realisation of losses and after a failed capital raising, the FDIC placed SVB into receivership on March 10. Over that weekend, the FDIC also placed Signature Bank, another crypto-friendly bank, into receivership having assessed it would not be able to meet mounting withdrawal requests after losing 20% of total deposits on March 10 alone. Over the two weeks to 18 March, the S&P Banks Index declined 22%. Investor panic then extended to Credit Suisse following cautious commentary from their largest shareholder, Saudi National Bank. A CHF 50b backstop from the Swiss National Bank failed to calm the market, leading the Swiss Government to exercise emergency powers to directly broker a CHF 3b acquisition by UBS.

We expect ongoing volatility across markets as central banks continue to try to tame inflation and believe this will continue to create equity mispricings. We remain opportunistic, adding to positions where valuations are compelling and expect the market to begin to focus on potential for economic recovery at some point in 2023.

Portfolio Top 5 Holdings

Stock	% of Fund
1 DATA #3	4.2
2 NRW HOLDINGS	4.1
3 DETERRA ROYALTIES	3.9
4 AUTOSPORTS GROUP	3.7
5 NIB HOLDINGS	3.7

Fund at a Glance

Fund Information

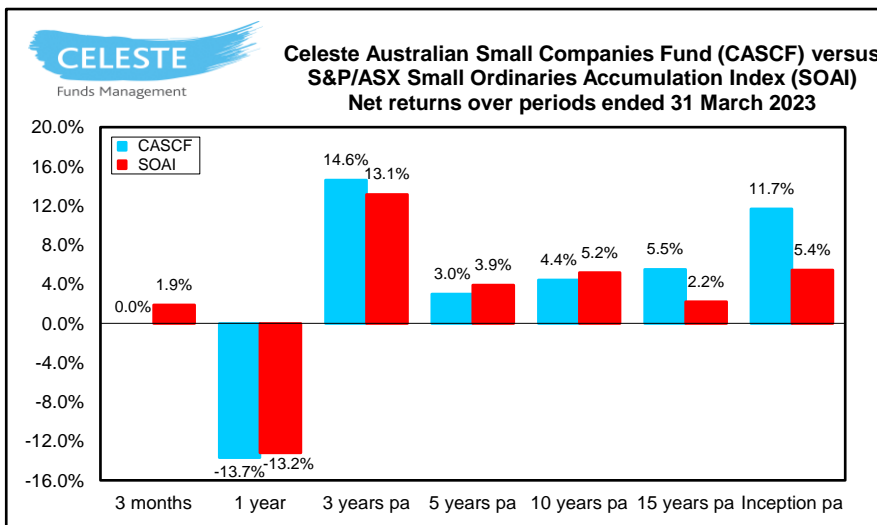
Primary Investments	Shares in listed Australian smaller companies
Investment objective	Exceed Small Ordinaries Accumulation Index over rolling 5 year periods
Unit price (redemption) as at 31.03.2023	\$3.4462
Unit price (application) as at 31.03.2023	\$3.4669
Fund Size as at 31.03.2023	\$67m
Minimum investment	\$25,000
Minimum additional investment	\$1,000
Minimum balance	\$15,000
Redemption will generally be available in	7 days
Distributions	30 June and 31 December
Entry fee*	0%
Exit fee*	0%
Buy/Sell differential*	0.30%
Management fee*	1.10% p.a
Performance fee**	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.

This fund is appropriate for investors with "High" risk and return profiles. A suitable investor for this fund is prepared to accept high risk in the pursuit of capital growth with a medium to long investment timeframe. Investors should refer to the fund's Target Market Determination (<https://documents.feprecisionplus.com/tmd/PCT/TMD/N8Z8-FAM0101AU.pdf>) for further information.

Fund Returns



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Distribution History

Total distribution year ended	Cents Per Unit	Annual Yield %**
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
June 22	25.05	5.5

** CPU / unit price at beginning of period

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