

### 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 <sup>1</sup>	+3.5	+8.2	+6.9	+2.7	+6.4	+6.6
<b>Performance (relative to Index)</b>	<b>+3.5</b>	<b>-0.2</b>	<b>+1.7</b>	<b>+0.4</b>	<b>-0.4</b>	<b>+4.1</b>
S&P/ASX Small Ords Acc Index	0.0	+8.4	+5.2	+2.3	+6.8	+2.5
S&P/ASX Small Inds Acc Index <sup>2</sup>	+0.5	+9.5	+3.4	+1.7	+6.6	+5.3
S&P/ASX Small Res Acc Index <sup>2</sup>	-1.2	+6.0	+11.7	+4.4	+7.1	-3.4

Past performance is not indicative of future returns.

#### Portfolio Commentary

The Fund rose 3.5%<sup>1</sup> (net of fees) in June, with its benchmark, the S&P/ASX Small Ordinaries Accumulation Index, flat for the month. Since inception (May 1998) the Fund's return is 11.7%<sup>1</sup> p.a. (net of all fees), against the Index's 5.3% p.a.

**FleetPartners Group (FPR)** rallied 18.4% during June. The stock has benefited from positive sentiment around the EV transition across Aust & NZ. The Electric Car Discount policy, providing FBT exemption for EVs in company fleets and novated leases, has also had a halo effect on increased awareness of the advantages of novated leasing. The ongoing buy-back program continues to support the share price with \$43m undertaken in 2H23.

**Credit Corp (CCP)** rose 16.2% over the month as sentiment around the stock improved. The US debt purchasing business is benefitting from macro tailwinds with Q123 US credit card and revolving balances 14% above pre-pandemic levels. Ongoing increases in delinquency rates are expected to result in higher charge-offs and increased purchased debt ledger supply. In Australia, Q123 Equifax data showed total unsecured credit applications +7.5% and credit card applications +20.9%.

**NRW Holdings (NWH)** rose 16.1% in June. NWH continued a run of new work award announcements with a letter of intent signed with Allkem to provide mining services work at the Mt Cattlin lithium mine in Western Australia. The contract has an estimated value of \$332m over 36 months. This was well received by the market as investors gained increased comfort that the delays in new contract awards (highlighted by management at the 1H23 result in February) are now being resolved and the enormous pipeline of work across the industry can begin working towards being realised. We remain positive on NWH and expect further new contract wins to be announced over the months ahead.

**Infomedia (IFM)** rose 14.3% over the month of June. IFM announced the appointment of Chantell Revie as CFO (from deputy CFO). Former CFO Gareth Turner was appointed to the newly created role of Chief Commercial Officer to focus on pricing strategy, contract management and automated business systems.

**Gold Road Resources (GOR)** fell 15.6% following a disappointing downgrade to production guidance. The company called out significant rain was well as operational issues, namely low reliability and utilisation of production drills, as well as availability of blasting resources as the primary drivers of the weaker production.

<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.

<sup>2</sup> 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	+1.9	+14.8	+11.4
USA – S&P 500	+6.6	+19.6	+14.6
USA – NASDAQ Composite	+6.7	+26.1	+11.9
Europe – FTSE (UK)	+1.4	+9.1	+10.9
Europe – DAX (Germany)	+3.1	+26.3	+9.5
Asia – Nikkei (Japan)	+7.6	+28.6	+16.4
Asia – Shanghai Composite (China)	+0.8	-3.2	+0.8

Source: Bloomberg

#### Market Commentary

In June, the S&P500 and Nasdaq both rallied by +6.6%, marking a continued streak of gains over the past year. Elsewhere, the FTSE 100 and Hang Seng Index also saw positive movement, albeit more subdued, with increases of +1.4% and +4.5% respectively. Commodity prices were mixed: Crude Oil was up +3.8%, Copper up +3.0% and Coal down -5.2%. Bond yields also ended the month higher, with the US 10-year increasing 20bps to 3.8% and the Australian 10-year increasing 40bps, reaching 4.0% by month-end.

Domestically, the Small Ordinaries Accum. Index (XSOAI) was flat (0.0%), with the Small Industrial Accum. Index up 0.5% versus the Small Resource Accum. Index which fell 1.2%. Within the XSOAI, performance varied across sectors. Financials was the best performing, up +5.0%, led by gains in Australian Ethical Investment (AEF) +20.0% and Magellan Financial Group (MFG) +18.6%. Consumer Staples was the worst performing sector, down -3.1%, led by declines in Bega Cheese (BGA) -22.3% and Inghams (ING) -11.5%.

Over the course of FY23, equities made a strong comeback. The S&P500 rose by 19.6%, the Nasdaq by 33.1%, and the XSOAI a more moderate, but still strong 8.4%. Interestingly, this was despite 12m forward earnings expectations being revised -4.5% lower over the same period for the S&P500 and -17.7% lower for the XSOAI. While it could be said the recent US rally had benefitted from the promise of breakthroughs in artificial intelligence, there had been several key macro drivers that supported a broad-based rally since the October 2022 lows. This included a peak in US inflation, signs of stability in long-term bond yields and hopes for an imminent end to central bank interest rate hikes. With inflation expected to continue moderating, the market had priced for one more Fed hike by year end. Similarly, CPI in Australia seems to have peaked over the year. However, due to a tight labour market and inflation being stickier than expected the moderation in inflation had been slower than the US on a relative basis. This resulted in the RBA assuming a more hawkish policy position in recent months, with the market expecting at least one more rate hike by year end.

Looking ahead, the outlook for inflation, central bank policy rates and the economy remains a central point of debate. As data flow emerges, we expect this to manifest in more volatile investment markets over the next 6-12 months. We look forward to August 2023 reporting season as a guide for company operating performance and will look to be opportunistic in areas we believe mispricing exists.

#### Portfolio Top 5 Holdings

Stock	% of Fund
1 NRW HOLDINGS	4.5
2 PSC INSURANCE GROUP	4.4
3 DATA.#3	4.0
4 DETERRA ROYALTIES	3.9
5 AUTOSPORTS GROUP	3.5

## Fund at a Glance

### Fund Information

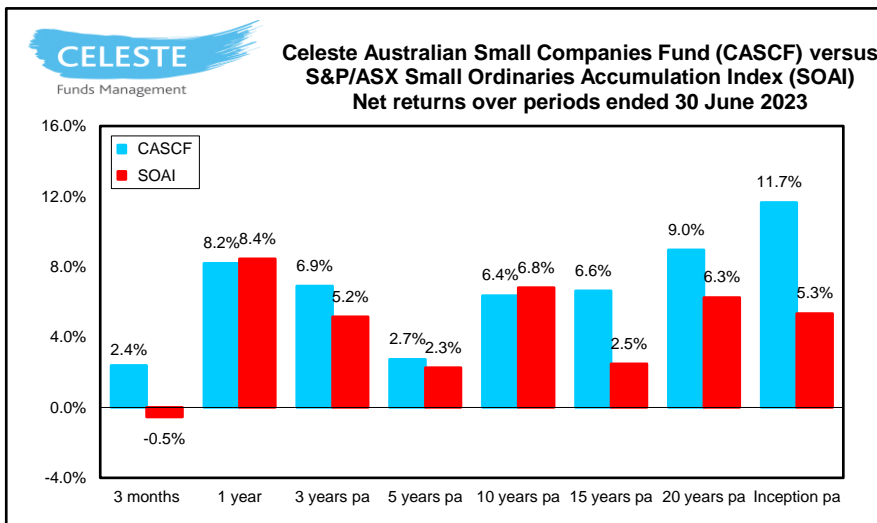
Primary Investments	Shares in listed Australian smaller companies
Investment objective	Exceed Small Ordinaries Accumulation Index over rolling 5 year periods
Unit price (redemption) as at 30.06.2023 [ex-distribution]	\$3.4828
Unit price (application) as at 30.06.2023 [ex-distribution]	\$3.5038
Fund Size as at 30.06.2023 [ex-distribution]	\$60m
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 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
June 23	8.93	2.7

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

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