

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	-3.6	+7.3	+3.6	+3.4	+4.4	+6.6
Performance (relative to Index)	+0.4	+0.5	+1.0	+1.8	-0.7	+2.9
S&P/ASX Small Ords Acc Index	-4.0	+6.8	+2.6	+1.6	+5.1	+3.7
S&P/ASX Small Inds Acc Index ²	-5.0	+8.4	+0.5	+0.7	+5.1	+5.4
S&P/ASX Small Res Acc Index ²	-1.2	+2.9	+10.7	+5.4	+4.7	-0.5

Past performance is not indicative of future returns.

Portfolio Commentary

The Fund fell 3.6%¹ (net of fees) in September, with its benchmark, the S&P/ASX Small Ordinaries Accumulation Index, decreasing by 4.0%. Since inception (May 1998) the Fund's return is 11.6%¹ p.a. (net of all fees), against the Index's 5.2% p.a.

Aussie Broadband (ABB) rose 15.1% in September, with the stock climbing higher as a resolution appears increasingly likely to the extended NBN Co SAU variation process. In August, management highlighted a renewed focus on potential acquisitions after the successful integration of Over The Wire and swiftly followed through with a non-binding indicative offer for Symbio Holdings (SYM) late in the month. ABB's \$3.15 per share cash and scrip bid secured 3 weeks exclusivity with competing bidder Superloop (SLC) confirming their Best and Final Offer has lapsed. The accretive acquisition would significantly boost ABB's capability and scale in the voice space and add a number of large enterprise customers, furthering the company's diversification away from core broadband into a complete telco offering.

Domain Holdings Australia (DHG) rose 3.9% in September. The stock drifted higher off the back of positive revisions to market expectations for FY24 new listings following positive recent data points from CoreLogic and PropTrack. The Australian property market experienced an unseasonably strong winter with YoY growth in national listings turning from -5% in July to +4% in August with further improvement likely in September. The market recovery has been led by Sydney and Melbourne which saw listings growth of +18% and +21% respectively in August, areas where DHG over-indexes. The outlook remains positive into the key spring selling season with stability in interest rates likely to support strengthening consumer confidence.

Deterra Royalties (DRR) rose 7.6% and Champion Iron (CIA) 3.5%, as growing expectations of People's Bank of China stimulus held up the iron ore price over the month. DRR continues to provide long-term exposure to long-term royalty cash flow out of BHP's flagship Mining Area C, while also receiving one-off payments as production reaches nameplate capacity. CIA offers exposure to high-grade iron ore out of their Bloom Lake project that should be a substantial beneficiary of a decarbonisation of the steel industry.

Bellevue Gold (BGL) fell 18.1% upon a drop in the gold price. During the month, BGL provided a strong drilling update, also confirming they remain on track for first production in the upcoming December quarter. The update also noted the second campaign of toll treating is underway, which should alleviate any funding concerns. We remain positively disposed to the attractive economics of the project and its tier-1 location.

Portfolio Top 5 Holdings

Stock	% of Fund
1 NRW HOLDINGS	4.0
2 AUTOSPORTS GROUP	3.8
3 DATA #3	3.8
4 PSC INSURANCE GROUP	3.8
5 AUSSIE BROADBAND	3.8

Global Index Performance (Accumulation)

	1 month %	1 year %	3 years % pa
Australia – S&P/ASX All Ordinaries	-2.8	+13.1	+10.8
USA – S&P 500	-4.8	+21.6	+10.2
USA – NASDAQ Composite	-5.8	+26.1	+6.6
Europe – FTSE (UK)	+2.4	+14.7	+13.2
Europe – DAX (Germany)	-3.5	+27.0	+6.4
Asia – Nikkei (Japan)	-1.7	+25.5	+13.4
Asia – Shanghai Composite (China)	-0.2	+5.7	+1.3

Source: Bloomberg

Market Commentary

September capped off a weak third quarter for global equities, with the S&P500 falling -4.8% in September, its largest decline since December 2022. Energy was the only positive sector as OPEC+ extended production cuts which saw the crude oil price rise +8.6% over the month. Gold fell -4.7% as the USD strengthened. Iron ore was steady, up 1.7%, while hard coking coal was up 21.8% to US\$324/t. The lithium spodumene price continued its decline, down -10.5% for the month, now off -63.6% over the last 12 months.

The US CPI gained 3.7% year-on-year in August, down from the peak of 9.1% in June 2022 but still above the Fed's 2% target. The Fed chose to hold interest rates between 5.3% and 5.5% but hawkish commentary saw the 10-year US Treasury (4.6%) reach its highest level since 2007. Rising yields drove relative Value outperformance vs Growth around the world, with +2.7% Value outperformance in Australia and the widest outperformance in Japan at +7.4%.

The Chinese economy improved with a rebound in retail sales and industrial production surpassing expectations. Inflation rose to 0.1% year-on-year, ending the brief deflationary period. The Bank of Japan left its policy stance unchanged as the Tokyo core CPI rose 2.5% in September, down from 2.8% in August.

In Europe, business surveys continued to show subdued economic conditions, with Composite Purchasing Managers Indices indicating contraction in both the eurozone and the UK. Inflation eased as September core inflation in the eurozone dropped to 4.5%, while in the UK, August core inflation dropped to 6.2%. The European Central Bank lifted its rate by 25 basis points, while the Bank of England left their rate unchanged at 5.3%.

Domestically, CPI rose 5.2% year-on-year in August while the RBA held rates steady. The All Ordinaries fell -2.8%, outperforming the Small Ordinaries, down -4.0%. The uranium price reached 12-year highs of US\$70/lb during the month, driving Deep Yellow (+48.6%), Boss Energy (+39.8%) and Paladin Energy (+30.2%) higher. Pro Medicus rose 13.7% after signing a contract with the largest not-for-profit healthcare system in Texas. Leo Lithium dropped -55.7% following negative correspondence from the Malian Government while Chalice Mining (-35.0%) continued to fall after a disappointing scoping study in late August. Star Entertainment (-34.0%) completed a deeply discounted capital raise and De Grey Mining (-22.0%) raised \$300m alongside the release of their flagship project's Definitive Feasibility Study.

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.

Fund at a Glance

Fund Information

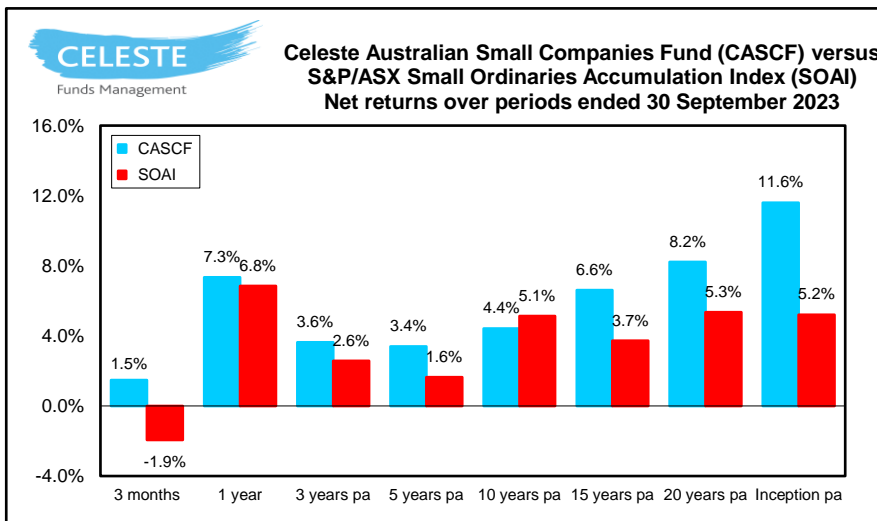
Primary Investments	Shares in listed Australian smaller companies
Investment objective	Exceed Small Ordinaries Accumulation Index over rolling 5 year periods
Unit price (redemption) as at 30.09.2023	\$3.5340
Unit price (application) as at 30.09.2023	\$3.5553
Fund Size as at 30.09.2023	\$60m
Minimum investment	\$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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