

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.	20 yrs % p.a.
Celeste Aust. Small Co. Fund ¹	-4.2	-0.7	+2.0	+4.7	+3.9	+7.6
Performance (relative to Index)	+1.3	+4.4	+1.5	+2.2	-0.4	+2.7
S&P/ASX Small Ords Acc Index	-5.5	-5.1	+0.5	+2.5	+4.3	+4.9
S&P/ASX Small Inds Acc Index ²	-7.0	-6.1	-2.1	+1.5	+4.0	+5.2
S&P/ASX Small Res Acc Index ²	-1.0	-1.8	+10.4	+6.6	+4.5	+4.3

Past performance is not indicative of future returns.

Portfolio Commentary

The Fund fell 4.2%¹ (net of fees) in October, with its benchmark, the S&P/ASX Small Ordinaries Accumulation Index, decreasing by 5.5%. Since inception (May 1998) the Fund's return is 11.4%¹ p.a. (net of all fees), against the Index's 5.0% p.a.

Gold Road (GOR) rose 17.0% off the back of a strong September quarter at their Gruyere mine. Gruyere produced a record 89k ounces of gold (100% basis) at an all-in sustaining cost of A\$1,682 per ounce, generating free cash flow of \$52m which was up from \$30m in the June quarter. Gruyere remains a tier-1 asset, providing low-cost and low-risk exposure to gold. Moreover, GOR's 19.9% stake in DEG delivers significant growth optionality.

Champion Iron (CIA) rallied 13.0% following a strong September quarterly report. Bloom Lake produced a record 3.4Mwmt of high-grade iron ore concentrate with the Phase 2 expansion reaching nameplate capacity post-quarter end. The DRPF project remains on track with final investment decision expected shortly, while the feasibility study for the Kami project is expected to be completed by early next year. We remain attracted to CIA's growth prospects and their exposure to rising global demand for 'green' steel.

Propel Funeral Partners (PFP) rose 3.7% over the month on the back of inbound interest from multiple parties regarding a change in control. PFP noted interest received had not been compelling and consequently did not engage with any party. Looking ahead, we continue to be attracted to PFP's defensive qualities. We believe demographic tailwinds will support organic growth and management have ample capacity on the balance sheet to do further accretive acquisitions.

Credit Corp (CCP) fell 37.7% during the month. CCP announced a \$45m impairment of the carrying value of its US Purchased Debt Ledger assets and downgraded their FY24 profit guidance by \$10m. This was driven by a sustained deterioration in US collection conditions, compounded by Hurricane Idalia in late-August. Pleasingly, their Australian business remains robust with no signs of weakening conditions.

Portfolio Top 5 Holdings

Stock	% of Fund
1 NRW HOLDINGS	3.8
2 DATA #3	3.8
3 AUSSIE BROADBAND	3.8
4 PSC INSURANCE GROUP	3.6
5 LIFESTYLE COMMUNITIES	3.5

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.

Global Index Performance (Accumulation)

	1 month %	1 year %	3 years % p.a.
Australia – S&P/ASX All Ordinaries	-3.9	+2.9	+8.6
USA – S&P 500	-2.1	+10.1	+10.4
USA – NASDAQ Composite	-2.8	+18.0	+6.4
Europe – FTSE (UK)	-3.7	+7.2	+13.6
Europe – DAX (Germany)	-3.8	+11.7	+8.6
Asia – Nikkei (Japan)	-3.1	+14.2	+12.5
Asia – Shanghai Composite (China)	-2.9	+7.2	+0.3

Source: Bloomberg

Market Commentary

Global market weakness continued through October with the S&P 500 -2.1%, Nasdaq -2.8% and FTSE 100 -3.7%. The Australian market fared worse than global peers, with the ASX All Ords Accum Index falling 3.9% and the ASX Small Ords Accum Index falling 5.5%. Commodity prices were mixed (Iron Ore +7.6%, Gold +7.3%, WTI Crude Oil -8.8%) but favourably benefited the local market with the ASX Small Resources Accum Index (-1.0%) significantly outperforming the ASX Small Industrials Accum Index (-7.0%). Bonds continued to sell off through the month with the Australian and US 10-years both rapidly approaching 5% yields, increasing +43bps and +36bps respectively.

The battle for control over lithium supply heated up in October with Gina Rinehart, Australia's richest person, singlehandedly scuppering Albemarle's (NYSE: ALB) attempted takeover of Liontown Resources (LTR) with a rapidly built 19.9% blocking stake in the lithium miner. Albemarle walked away from the \$6.6b bid. A similar series of events then unfolded at Azure Minerals (AZS), with Gina Rinehart amassing an 18.3% stake in response to SQM's (NYSE: SQM) \$1.6b bid for the company, with the ultimate outcome yet to be determined.

The new Governor of the RBA, Michelle Bullock led her first meeting and elected to maintain the cash rate at 4.1%, marking the 4th consecutive month of inaction following 400bps increase over the preceding 14 months. Expectations for a return to hiking on Melbourne Cup day have since grown, with the Interbank Cash Rate Futures implying a 50% probability up from close to zero at the start of the month. This was primarily driven by the latest inflation data, with Q3 headline CPI increasing 1.2% quarter-on-quarter, a notable re-acceleration from Q2 (+0.8%) and ahead of market expectations. The ongoing strength of the Australian economy was further evidenced by strong September data across unemployment (3.6%) and retail sales (+0.9% month-on-month). The ABS commented retail sales benefited from warmer weather and the new iPhone launch.

Internationally, the Israeli-Palestinian conflict reignited suddenly a day after the 50th anniversary of the start of the Yom Kippur War with a Hamas attack across southern Israel, striking rural communities, a music festival and military bases. Israel's defence forces responded with sustained airstrikes and a total blockade of the Gaza Strip – cutting off food, water, electricity and fuel supplies. Late in the month the conflict escalated further with Israel cutting off internet and mobile phone service in Gaza and launching a ground invasion. Markets remain nervous amid risk the current conflict could spill over to broader war in the Middle East.

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

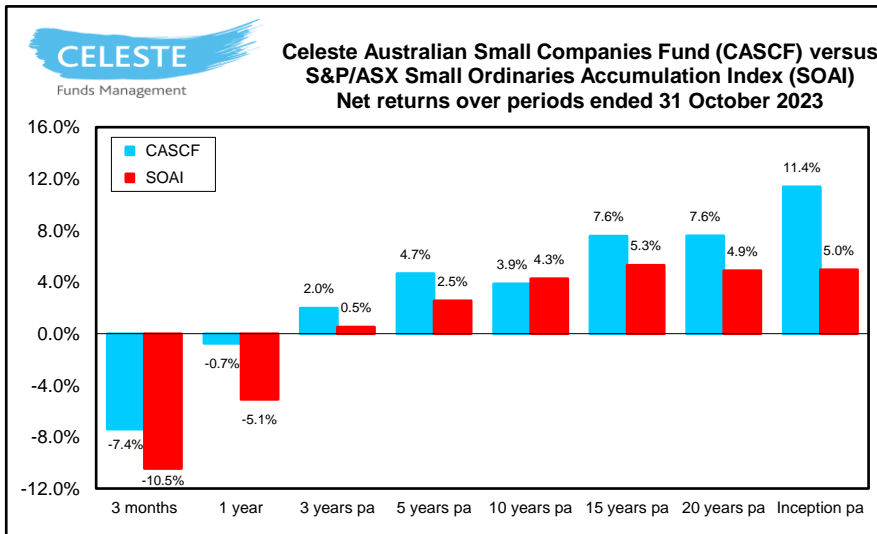
Primary Investments	Shares in listed Australian smaller companies
Investment objective	Exceed Small Ordinaries Accumulation Index over rolling 5 year periods
Unit price (redemption) as at 31.10.2023	\$3.3839
Unit price (application) as at 31.10.2023	\$3.4042
Fund Size as at 31.10.2023	\$57m
Minimum investment	\$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



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

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** CPU / unit price at beginning of period

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