

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	+4.9	+1.4	+0.5	+6.2	+4.9	+8.0
Performance (relative to Index)	-2.1	+4.6	+1.0	+2.2	-0.6	+2.6
S&P/ASX Small Ords Acc Index	+7.0	-3.2	-0.5	+4.0	+5.5	+5.4
S&P/ASX Small Inds Acc Index ²	+8.6	-0.8	-2.6	+3.0	+5.3	+5.8
S&P/ASX Small Res Acc Index ²	+3.1	-9.3	+7.7	+8.1	+6.1	+4.6

Past performance is not indicative of future returns.

Portfolio Commentary

The Fund rose 4.9%¹ (net of fees) in November, with its benchmark, the S&P/ASX Small Ordinaries Accumulation Index, increasing by 7.0%. Since inception (May 1998) the Fund's return is 11.5%¹ p.a. (net of all fees), against the Index's 5.2% p.a.

Collins Food (CKF), rose 24.1% off the back of a strong 1h24 result. CKF delivered EBITDA of \$110m, 15.2% ahead of the previous corresponding period (pcp) and was a 7.3% beat against expectations. All divisions grew sales, with Australia same-store sales growth (SSSg) of 6.6% and Europe SSSg of 8.8% respectively. Effective cost containment saw group EBITDA margins expand 87bps vs 2h23 with each division reporting margin expansion. While cost pressures remain, we believe these are largely transitory. With a strong brand, continued execution by management will support double-digit earnings growth over the medium to long-term.

FleetPartners Group (FPR) rallied 13.7% in Nov after a strong FY23 result. FPR continues to benefit from EV tailwinds, with New Business Writings up 13% and Assets under Management up 7%. The order pipeline remains at record highs, underwriting future growth. Operating expenses were well managed despite increased activity levels and broad-based inflationary pressures. The company announced a further \$30m on-market share buy-back.

Aussie Broadband (ABB) fell 2.6% in Nov as the market digested a \$120m institutional capital raise at \$3.55 per share. ABB plans to use the funds raised combined with an upsized \$435m debt facility to pursue further deals. The capital raise followed ABB entering a Scheme Implementation Agreement with Symbio Holdings (SYM) at an implied value of \$3.01 per SYM share. The accretive acquisition is expected to complete in Feb 2024 and ABB's future growth prospects remain compelling.

Integral Diagnostics (IDX) fell 33.5% during the month following a disappointing trading update. Clinical staff shortages and cost inflation have seen margin contraction, despite strong top-line growth with revenues up 8.4% in the first quarter. Management is also implementing a number of productivity initiatives aimed at offsetting these cost pressures. We remain attracted to the group's expansive network in what is a defensive industry and expect cost pressures to ease over time.

Portfolio Top 5 Holdings

Stock	% of Fund
1 AUSSIE BROADBAND	4.2
2 DATA #3	3.7
3 BREVILLE GROUP	3.5
4 LIFESTYLE COMMUNITIES	3.5
5 PSC INSURANCE GROUP	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 % pa
Australia – S&P/ASX All Ordinaries	+5.2	+1.7	+6.9
USA – S&P 500	+9.1	+13.8	+9.8
USA – NASDAQ Composite	+10.8	+25.1	+6.1
Europe – FTSE (UK)	+2.3	+2.4	+10.0
Europe – DAX (Germany)	+9.5	+12.6	+6.9
Asia – Nikkei (Japan)	+8.5	+22.3	+10.4
Asia – Shanghai Composite (China)	+0.4	-1.2	-1.3

Source: Bloomberg

Market Commentary

Following a challenging few months across global equity markets, November saw reprieve as markets became increasingly convinced the Federal Reserve is at the end of its hiking cycle. The trifecta of a weak October jobs report, a dovish Federal Open Market Committee surprise and soft CPI print triggered a sharp reversal in bond yields. The US 10-yr retreated to 4.3%, decreasing 61bps from the month prior. By month end, market expectations on the Federal Reserve cutting rates were brought forward from 3Q24 to 2Q24, supporting a broad-based equity rally. The S&P rose by 9.1%, while the Nasdaq rose 10.8% and FTSE100 2.3%. Elsewhere, commodity prices were mixed, with Iron Ore +5.6%, Gold +2.6%, WTI Crude -6.2%. Of note late in the month, famed investor and foil to Warren Buffett for almost 60 years, Charlie Munger passed away at the age of 99.

Domestically, the RBA took a different tone, lifting rates 25bps on Melbourne Cup Day bringing the cash rate to 4.35% following several months on hold. The ASX All Ords Accum Index rose 5.2% and the ASX Small Ords Index rose 7.0%. Compositionally, small resources lagged with the ASX Small Resources index rising 3.1%, compared to the ASX Small Industrials which rose 8.6%. With October CPI at 4.9%, Australia remains one of the very few countries in the world still attempting to fight inflation with negative real cash rates. While the RBA shared the view inflation had passed its peak and was heading in the right direction, the return to target was slower than previously thought and the RBA has since taken a marginally hawkish stance. Governor of the RBA, Michelle Bullock pointing to household finances holding up and economic activity being stronger than expectations.

Commentary out of AGM season was broadly consistent. Trading updates from consumer discretionary stocks highlighted a slowing consumer, but not to the extent as initially feared. Examples included JB Hi-Fi (JBH) releasing a strong trading update that was ahead of market expectations. JBH's Australia like-for-like sales were down 1.4% for the quarter but highlighted a reacceleration in growth from June/July to Aug/Sep. Similarly, a trading update provided by furniture retailer Nick Scali (NCK) showed improving momentum in written order sales in Aug/Sep from July. Anecdotal feedback across retailers suggested the consumer was shopping for value with Black Friday and Cyber Monday sales performing strong. While the outlook for the consumer is expected to remain tough, consensus numbers already seem to reflect this affliction.

Looking ahead, we maintain a cautious disposition given broader economic risks, and will add to the portfolio in a process consistent manner, when valuations are appropriately compelling.

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

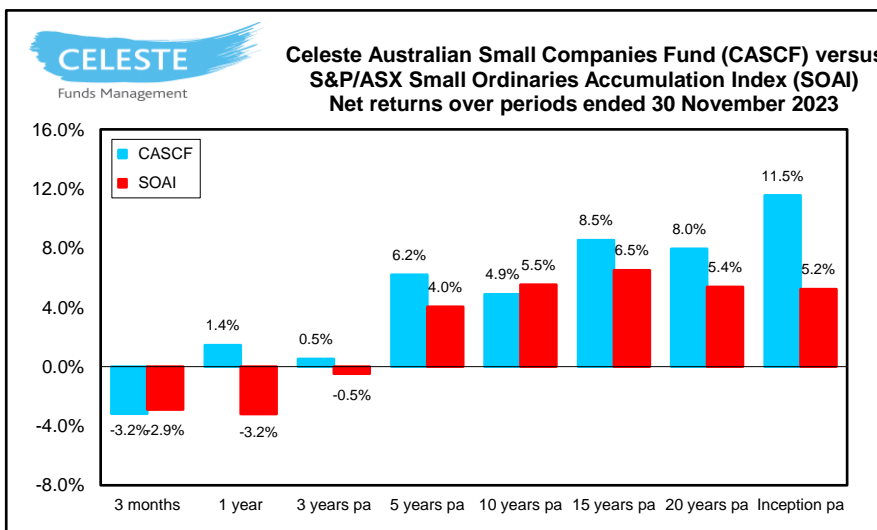
Primary Investments	Shares in listed Australian smaller companies
Investment objective	Exceed Small Ordinaries Accumulation Index over rolling 5 year periods
Unit price (redemption) as at 30.11.2023	\$3.5505
Unit price (application) as at 30.11.2023	\$3.5718
Fund Size as at 30.11.2023	\$60m
Minimum investment	\$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



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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Celeste Funds Management Limited

Level 9, 50 Pitt Street, Sydney NSW 2000

T 02 9216 1800 E contact@celestefunds.com.au

www.celestefunds.com.au