

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	+4.6	+12.9	+1.5	+7.0	+5.8	+7.8
Performance (relative to Index)	+2.9	+5.1	+0.1	+2.6	-0.3	+2.2
S&P/ASX Small Ords Acc Index	+1.7	+7.8	+1.4	+4.4	+6.1	+5.6
S&P/ASX Small Inds Acc Index ²	+3.9	+12.9	+1.1	+4.3	+6.4	+6.3
S&P/ASX Small Res Acc Index ²	-4.6	-5.4	+3.6	+5.7	+5.0	+4.0

Past performance is not indicative of future returns.

Portfolio Commentary

The Fund rose 4.6%¹ (net of fees) in February, with its benchmark, the S&P/ASX Small Ordinaries Accumulation Index, increasing by 1.7%. Since inception (May 1998) the Fund's return is 11.8%¹ p.a. (net of all fees), against the Index's 5.6% p.a.

McMillan Shakespeare (MMS) rose 27.1% in February. The company delivered a 1H24 result well ahead of market expectations driven by stronger novated lease volumes and yield. MMS has benefitted from significant (and ongoing) tailwinds around improving new vehicle supply and the passing of the Electric Car Discount Bill in late-2022 providing a FBT exemption to low and zero-emission vehicles. Our positive outlook on MMS is further supported by the record \$34.9m novated lease carry over revenue balance.

Omni Bridgeway (OBL) rallied 25.4% ahead of their 1H24 result late in the month. The first close of Fund 4 and Fund 5 series II capital raise pushed funds under management to reach \$3.2b in the half. Disciplined cost control saw OBL on-track to achieve their <\$95m annual cash opex target.

Imdex (IMD) rallied 25.1% off the back of a strong 1H24 result despite the difficult trading conditions. The core IMDEX business held revenue flat as customers struggled with a higher-cost environment. The Devico business had a standout performance, growing revenues by 18% as demand continues to build for its sector-leading directional drilling technology.

MA Financial (MAF) fell 14.6% over the month. Increased investment across their platform saw their FY23 result miss market cost expectations. Pleasingly, net flows into the asset management business remained robust and the Finsure business continues to take market share. MA Money is forecast to breakeven in 2H24 while the Corporate Advisory & Equities business endured a difficult year but should rebound as capital markets reopen.

KMD Brands (KMD), fell 25.8% following a weak 1H24 trading update in February. Group sales fell to \$469m, 14.5% below last year as consumer sentiment weakened. Gross margins remained resilient, and management were able to manage operating costs down. Looking ahead, we believe these issues are transitory and a cyclical upturn should see a recovery in sales and earnings.

Portfolio Top 5 Holdings

Stock	% of Fund
1 AUSSIE BROADBAND	4.6
2 BREVILLE GROUP	3.5
3 LIGHT & WONDER	3.5
4 INFOMEDIA	3.3
5 NICK SCALI	3.1

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	+1.2	+11.3	+8.5
USA – S&P 500	+5.3	+31.1	+11.0
USA – NASDAQ Composite	+6.2	+42.6	+6.6
Europe – FTSE (UK)	+0.5	+0.3	+9.0
Europe – DAX (Germany)	+4.6	+15.5	+8.1
Asia – Nikkei (Japan)	+8.0	+45.3	+11.9
Asia – Shanghai Composite (China)	+8.1	-6.5	-2.9

Source: Bloomberg

Market Commentary

Global equity markets posted another positive month with the MSCI ACWI up 4.2%. The S&P500 was up 5.3% and NASDAQ up 6.2% as the 'Magnificent Seven' continued to exceed expectations. The MSCI China bounced 8.5% however remains down -16.5% year-on-year. The ASX200 underperformed global indices, up only 0.8% but reached its first new high since August 2021. This was despite month-on-month EPS revisions of -1.1%. Iron ore fell 11.7%, precious metals fell by 1.3% and copper was down 2.0%. US 10-year yields increased 34bps to 4.3% as the market scaled back rate cut expectations. The DXY gained 0.6% compared to the AUD down 0.8%. The Baltic Dry index jumped 51.0% as further conflict in the Red Sea threatened shipping lines. Bitcoin ended the month above US\$60,000 as ETF demand pushed the cryptocurrency back towards all-time highs.

The RBA held the cash rate steady in their first meeting of the year. Headline CPI rose to 3.4% year-on-year in January, flat on the December print while the unemployment rate rose to 4.1%, up from 3.9% in December. Residential house prices gained another 0.6%, up slightly from prior months as buyers looked to pre-empt rate cuts expected later in the year. Rental vacancies sit at approximately 1.0% nationally, causing rent inflation of around 8.0% year-on-year. Residential construction fell 5.3% in Q4 following a 15.0% decline in building approvals over CY23.

February reporting season ended with the Small Ordinaries lagging global indices, up only 1.7%. The Small Industrials rallied 3.9%, while falling commodity prices and a higher cost environment saw the Small Resources off 4.6%. Strong sentiment around potential AI-beneficiaries saw Information Technology rally 12.3%. Consumer Discretionary was up 6.5% as industry sales up 1.1% year-on-year in January reflected a more resilient consumer than previously feared. Healthcare (+1.1%) underperformed as many companies grappled with the tight labour market. Financials were up 2.0%, led by the platform providers (NWL +13.7% and HUB +4.7%) who continued to enjoy strong industry tailwinds. The Real Estate sector was down 0.6%, driven by ongoing expansion in cap rates across the sector. Higher interest costs remained a drag on company earnings across the board but had less mentions overall compared to the last few reporting periods. Brainchip Holdings (+140.6%), APM Human Services (+121.6%) and Cettire (+52.1%) were among the best performing stocks in the Small Ordinaries while Strike Energy (-50.0%), Resolute Mining (-22.1%) and Corporate Travel (-21.7%) were among the worst performing.

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

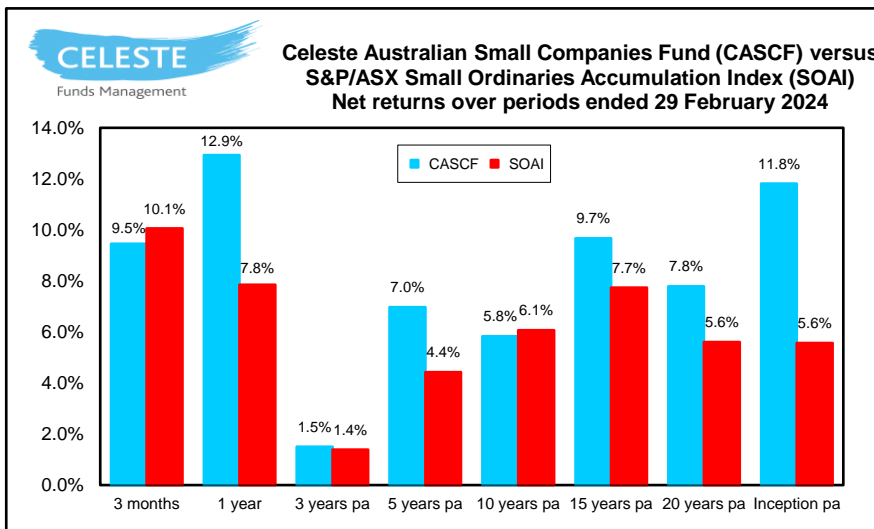
Primary Investments	Shares in listed Australian smaller companies
Investment objective	Exceed Small Ordinaries Accumulation Index over rolling 5 year periods
Unit price (redemption) as at 29.02.2024	\$3.8514
Unit price (application) as at 29.02.2024	\$3.8746
Fund Size as at 29.02.2024	\$65m
Minimum investment	\$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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