

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	-3.9	+9.4	-1.9	+5.6	+5.9	+7.5
Performance (relative to Index)	-0.8	+2.0	-1.9	+1.7	-0.6	+1.8
S&P/ASX Small Ords Acc Index	-3.1	+7.4	0.0	+3.9	+6.5	+5.7
S&P/ASX Small Inds Acc Index ²	-5.0	+10.4	-1.3	+2.6	+6.3	+6.1
S&P/ASX Small Res Acc Index ²	+2.0	-1.5	+5.0	+9.2	+6.8	+4.8

Past performance is not indicative of future returns.

Portfolio Commentary

The Fund fell 3.9%¹ (net of fees) in April, with its benchmark, the S&P/ASX Small Ordinaries Accumulation Index, decreasing by 3.1%. Since inception (May 1998) the Fund's return is 11.7%¹ p.a. (net of all fees), against the Index's 5.6% p.a.

Integral Diagnostics (IDX) was up 12.9% over the month of April. Medicare statistics for the March quarter showed 9% growth in imaging benefits per workday. General practitioners likely supported this growth with face-to-face GP consultations up 8%. Over the 9-months to Mar-24, imaging benefits were up 8%. Furthermore, industry feedback suggests labour cost pressures have stabilised. As system growth continues to outpace moderating inflation, IDX should enjoy strong earnings growth and margin expansion.

Redox (RDX) rose 4.0% over the month. Sentiment around the stock improved as chemical price indices stabilised. Across the industry, RDX competitors IMCD and Azelis provided promising Q1 updates. IMCD continue to see smaller but more frequent orders (which typically attract higher gross margins) and noted reduced order postponement in April with generally improving conditions. Azelis saw an improvement in their gross margin on top of an ongoing improvement in volumes.

Aussie Broadband (ABB) rose 3.6% in April. ABB was directed to dispose of 37.6m Superloop (SLC) shares after having been found to have breached SLC's constitutional requirement to receive prior approval from the Singaporean Infocomm Media Development Authority to exceed a 12% holding. The company realised a profit on the sale, selling at \$1.31/share compared to their original 95c purchase price in late February. ABB are left holding an 11.99% strategic stake in SLC which could support making a revised takeover bid in the future.

Lifestyle Communities (LIC) fell 23.2% in April following a FY24 trading update, downgrading FY24 settlement guidance from circa 350 to 290-310 and provided initial FY25 settlement guidance of 425-475, which was below market expectations. The decline in settlements was driven by lower-than-expected conversion rates on pre-sales contracts in beachside and north-west Melbourne locations, reflecting a challenging Victorian property market and ongoing customer hesitation to list their existing homes.

Portfolio Top 5 Holdings

Stock	% of Fund
1 AUSSIE BROADBAND	3.7
2 NICK SCALI	3.5
3 INFOMEDIA	3.5
4 BREVILLE GROUP	3.5
5 LIGHT & WONDER	3.3

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	-2.7	+9.9	+7.1
USA – S&P 500	-4.1	+22.7	+8.1
USA – NASDAQ Composite	-4.4	+29.1	+4.7
Europe – FTSE (UK)	+2.7	+7.7	+9.4
Europe – DAX (Germany)	-3.0	+12.6	+5.8
Asia – Nikkei (Japan)	-4.9	+35.6	+12.3
Asia – Shanghai Composite (China)	+2.1	-4.0	-1.0

Source: Bloomberg

Market Commentary

Global equity markets snapped their winning streak in April broadly retreating from all-time highs achieved leading into Easter in late March. Markets were spooked by a significant change in rate cut expectations as higher-than-expected inflation prints and robust global growth continued to push out predicted cuts, and even brought the possibility of additional hikes back into the conversation. Geopolitical tensions remained high with Ukraine receiving additional funding from the United States and Australia, while in the Middle East, Iran and Israel traded missile strikes. The US led markets lower with the NASDAQ dropping 4.4% and the S&P500 down 4.1%. Domestic markets outperformed with the ASX All Ords falling just 2.7%. At a more granular level the Small Ords (-3.1%) lagged the ASX 100 (-2.9%) and the Small Industrials (-5.0%) lagged the Small Resources (+2.0%).

US headline inflation rose 0.4% MoM in March led by shelter and energy costs, while domestically Q1 headline inflation rose 1.0% QoQ, both coming in ahead of market expectations. Australian unemployment ticked up from 3.7% to 3.8% as 7k positions were lost. The AUD weakened against the USD reaching a new low for 2024 of 64c mid-month before recovering to 65c (-0.7%). The Westpac Consumer Sentiment Index fell 2.4% to 82.4 in April, in line with the 24-month average, reflecting pessimism around inflation and associated cost of living pressures.

Bond yields predictably drifted wider with changing rate cut expectations. The Australian 10-year yield increased by 46bps, slightly behind the US 10-year which increased 48bps. This hit the rate-sensitive Real Estate sector driving a 7.8% fall. The Consumer Discretionary and Communication Services sectors were similarly impacted, falling 5.1% and 4.9% respectively. Commodity prices rallied in turbulent markets led by iron ore (+19.3%), nickel (+15.1%), copper (+14.3%) and aluminium (+11.2%). Gold continued its 2024 rally making new all-time highs in both AUD and USD terms. The top three performers in the Small Ords Index over the month were Mesoblast (+78.4%), Alpha HPA (+23.3%) and loneer (+21.9%) while the bottom three performers were Kogan (-34.7%), Star Entertainment Group (-29.6%) and Cettire (-26.2%).

We continue to believe that fund performance should always be viewed through a longer-term lens as short-term volatility reflects trading not investing. At Celeste, we remain committed to identifying and investing in high quality, free cash flow generating companies trading at a discount to our assessment of intrinsic value. We will continue to take and adjust positions as market volatility presents appealing opportunities.

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

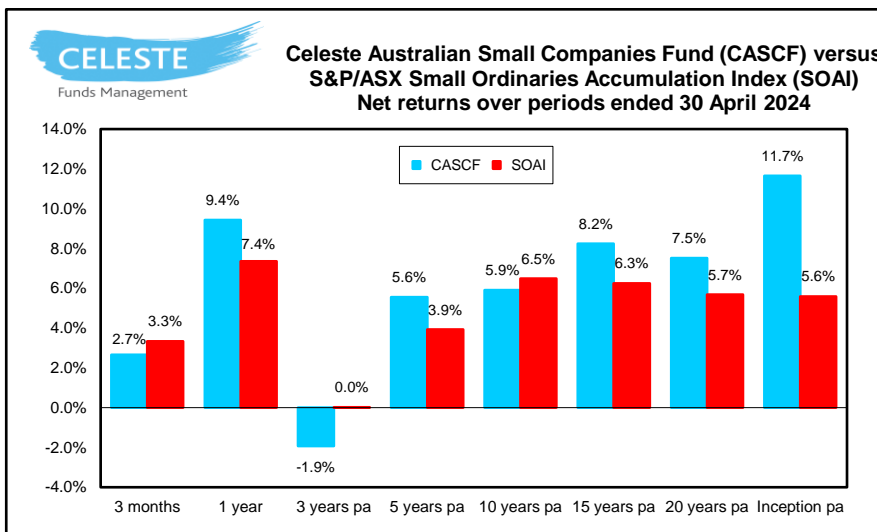
Primary Investments	Shares in listed Australian smaller companies
Investment objective	Exceed Small Ordinaries Accumulation Index over rolling 5 year periods
Unit price (redemption) as at 30.04.2024	\$3.7779
Unit price (application) as at 30.04.2024	\$3.8006
Fund Size as at 30.04.2024	\$65m
Minimum investment	\$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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