

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	-1.5	+11.6	-1.9	+4.8	+6.0	+7.6
Performance (relative to Index)	-1.5	+0.7	-1.8	+0.6	-0.5	+2.0
S&P/ASX Small Ords Acc Index	0.0	+10.9	-0.1	+4.2	+6.5	+5.6
S&P/ASX Small Inds Acc Index ²	-0.9	+11.4	-1.4	+2.7	+6.2	+6.0
S&P/ASX Small Res Acc Index ²	+1.9	+8.1	+4.3	+9.8	+6.9	+4.8

Past performance is not indicative of future returns.

Portfolio Commentary

The Fund fell 1.5%¹ (net of fees) in May, with its benchmark, the S&P/ASX Small Ordinaries Accumulation Index, flat for the month. Since inception (May 1998) the Fund's return is 11.5%¹ p.a. (net of all fees), against the Index's 5.6% p.a.

GQG Partners (GQG) rallied 16.0% over the month. Funds under management at the end of April was US\$142.0b, down from US\$143.4b in the prior month, driven largely by market movements. Net inflows remained strong at US\$1.7b in April, taking year-to-date inflows to US\$6.3b. The previously announced acquisition of Pacific Current Group Limited was completed, with CEO Paul Greenwood set to join GQG as MD, Co-Head of Private Capital Solutions.

PSC Insurance (PSI) rose 12.7% in May as rumours of a deal were confirmed with Ardonagh looking to acquire the group. Key executives will roll their shares into Ardonagh equity while remaining PSI shareholders will receive cash consideration of A\$6.19 per share. The bid price represents a 32.7% premium to PSI's undisturbed three-month VWAP and implies a transaction multiple of approximately 19x FY24 guided EBITDA.

NRW Holdings (NWH) rose 10.0% in May. The company announced the award of several new contracts with total value of \$240m. A key positive out of the update was the multiple iron ore related civil projects from Rio Tinto (RIO), signalling the beginning of a significant multi-year capex wave from the iron ore majors expected across brownfield and greenfield locations. We expect NWH is well positioned to win further related work across its segments. Also during the month, Northern Star Resources (NST) announced key MET contract – KCGM Expansion Project – was “on track and progressing well”.

Kathmandu (KMD) fell 19.6% over the month of May. While there were no company announcements of note, trading updates from local peers and the quarterly results out of the US highlighted further deterioration in the wholesale channel. U.S. fashion conglomerate V.F. Corporation (VFC) and owner of brands such as The North Face, Timberland and the Vans saw America's sales down 22% in 4Q, the second straight quarter of 20%+ declines. It is likely in the short-term that the macroeconomic backdrop will remain challenging for KMD, but we are of the view these challenges are cyclical and not structural. On a long-term view, we continue to believe KMD offers compelling value at current levels.

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.

Global Index Performance (Accumulation)

	1 month %	1 year %	3 years % pa
Australia – S&P/ASX All Ordinaries	+0.9	+13.9	+6.8
USA – S&P 500	+5.0	+28.2	+9.6
USA – NASDAQ Composite	+7.0	+30.4	+7.6
Europe – FTSE (UK)	+2.1	+15.6	+9.7
Europe – DAX (Germany)	+3.2	+18.1	+6.2
Asia – Nikkei (Japan)	+0.2	+26.9	+12.3
Asia – Shanghai Composite (China)	-0.4	-1.1	-2.7

Source: Bloomberg

Market Commentary

May was a positive month for equity indices with all major benchmarks closing higher. The S&P 500 and Nasdaq Composite reached all-time highs, up 5.0% and 7.0% respectively, driven by strong gains in the technology sector. Nvidia led the charge, printing a first-quarter result that showed a 262% surge in sales, accompanied by a 10-for-1 stock split. Brent Crude oil fell -6% while iron ore rebounded, up 6%. Gold continued its ascent, up 1.9% over the month.

In the US, disinflationary trends showed signs of stalling, especially in services sectors. The latest inflation data revealed only a slight deceleration in headline and core categories, with year-over-year rates at 3.4% and 3.6% respectively. The May FOMC meeting minutes echoed concerns about the lack of progress on disinflation, dampening hopes for an imminent rate cut. UK headline inflation took a notable dip to 2.3% YoY in April, while services inflation remained elevated at 5.9%, prompting skepticism regarding the likelihood of a June rate cut from the Bank of England. Conversely, the European Central Bank (ECB) is increasingly confident in the economy's disinflationary trajectory with the ECB's governing council foreseeing a likely rate cut in June. Chinese economic indicators diverged; retail sales slowed to a 2.3% YoY increase in April, down from a 3.1% increase in March, while industrial production surged, up 6-7% YoY in April, exceeding market forecasts of a 5.5% increase. Amid escalating US-China trade tensions, China reduced its holdings of US treasuries and increased gold reserves to their highest level since 2015.

In Australia, the ASX 200 rose +0.9%, outperforming the Small Ords which was flat for the month. Treasurer Jim Chalmers delivered the 2024-25 Australian Federal Budget, posting a second consecutive surplus thanks to higher than forecast commodity prices and low unemployment. The budget had a focus on cost-of-living relief measures such as energy rebates, with \$2.6 billion allocated for 2024/25, and increases in rent assistance totalling \$1.9 billion over five years. Housing initiatives included a further \$1 billion to the states and territories to boost supply and \$423.1 million over five years for social housing. The Future Made in Australia package will deploy \$22.7 billion into clean energy projects over the next decade while budget savings are expected to come from National Disability Insurance Scheme (NDIS) reforms.

We continue to navigate the volatility in equity markets, remaining process consistent and buying real companies with long term cash flow and valuation appeal.

Portfolio Top 5 Holdings

Stock	% of Fund
1 BREVILLE GROUP	3.7
2 INFOMEDIA	3.6
3 AUSSIE BROADBAND	3.6
4 LIGHT & WONDER	3.3
5 NETWEALTH	3.3

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 31.05.2024	\$3.7210
Unit price (application) as at 31.05.2024	\$3.7434
Fund Size as at 31.05.2024	\$63m
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

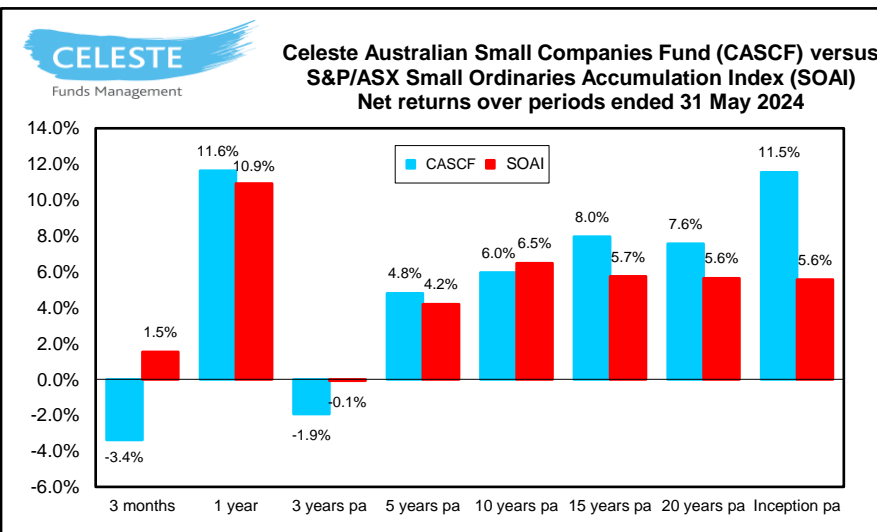
* These fees and charges apply for the duration of the Product Disclosure Statement (PDS) and are inclusive of the Goods and Services Tax.

** 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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