

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	+0.8	+8.7	-3.1	+5.2	+6.3	+7.5
Performance (relative to Index)	+2.2	-0.6	-1.6	+1.5	-0.1	+2.0
S&P/ASX Small Ords Acc Index	-1.4	+9.3	-1.5	+3.7	+6.4	+5.5
S&P/ASX Small Inds Acc Index ²	+1.4	+12.4	-2.2	+2.9	+6.6	+6.0
S&P/ASX Small Res Acc Index ²	-8.0	+0.7	+1.6	+7.4	+5.9	+4.2

Past performance is not indicative of future returns.

Portfolio Commentary

The Fund rose 0.8%¹ (net of fees) in June, with its benchmark, the S&P/ASX Small Ordinaries Accumulation Index, decreasing by 1.4% 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 5.5% p.a.

Integral Diagnostics (IDX) rose 9.4% over the month. IDX announced a proposed merger with Capitol Health Limited (CAJ) under which CAJ shareholders would receive 0.12849 IDX shares per CAJ share, with IDX shareholders owning 63% of the post-merger entity. The two companies have highly complementary footprints which should create a more geographically diversified portfolio. At least \$10m of annual pre-tax cost synergies have been identified. CAJ's Board intends to unanimously recommend the merger, subject to further confirmatory due diligence.

Omni Bridgeway (OBL) rallied 32.1% in June despite no stock-specific news. We continue to have confidence in the refreshed management team's ability to restructure the cost base and fund fee structure for the benefit of shareholders. The company remains a leader in litigation financing, offering attractive returns in a high-growth industry that is uncorrelated to other asset classes.

Light & Wonder (LNW) rose 11.7% over the month of June. In the period, LNW announced the early completion of its US\$750m on-market buyback program and the authorisation of a new US\$1b share repurchase program. The program to date has proven to be value accretive for shareholders with c. 11.5% of shares outstanding (at the time of initial announcement) purchased at an average price of US\$66.72 p/share compared to the closing price of US\$104.88 at month end.

KMD Brands (KMD) fell 12.8% over the month off the back of a weak trading update. The company guided to \$50m in EBITDA for FY24 with the downgrade being largely attributed to a slower than expected start to the key winter promotional period. Kathmandu 2H FY24 sales to date were down 8.4%. Ongoing softness in the US wholesale channel saw Rip Curl sales decline by 5.9%. While trading has been weak, the next six weeks will be a key trading period and be pivotal in discerning whether the issues are cyclical or structural. At this stage, we continue to believe the issues are cyclical and KMD appears cheap at current levels.

Portfolio Top 5 Holdings

Stock	% of Fund
1 LIGHT & WONDER	3.8
2 BREVILLE GROUP	3.7
3 AUSSIE BROADBAND	3.6
4 INFOMEDIA	3.5
5 NETWEALTH	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	+0.7	+12.5	+6.1
USA – S&P 500	+3.6	+24.6	+10.0
USA – NASDAQ Composite	+6.0	+29.6	+7.8
Europe – FTSE (UK)	-1.1	+12.8	+9.2
Europe – DAX (Germany)	-1.4	+12.9	+5.5
Asia – Nikkei (Japan)	+3.0	+21.5	+13.4
Asia – Shanghai Composite (China)	-3.7	-5.5	-4.0

Source: Bloomberg

Market Commentary

June proved to be a dynamic month for equity markets globally. The S&P 500 and Nasdaq Composite continued their upward trajectory, posting gains of 3.6% and 6.0% respectively. Technology stocks remained strong performers, with Adobe and Hewlett Packard Enterprise leading the charge.

Across commodity markets, Brent Crude oil prices rose 6.5% amid supply concerns; gold prices were flat; Iron Ore fell 7.6% off the back of subdued Chinese demand and Copper and Nickel saw declines of 4.6% and 12.5% respectively. Agricultural commodities, particularly wheat and soybeans, experienced price volatility due to weather-related disruptions in key growing regions.

In the United States, inflationary pressures persisted despite the Federal Reserve's continued efforts to manage price stability. The latest Consumer Price Index (CPI) report showed a year-over-year increase of 3.3%. The June FOMC meeting minutes reflected cautious optimism, with members highlighting the need for data-driven decisions in future rate adjustments. The labour market remained resilient, adding 272,000 jobs, and the unemployment rate changed little at 4.0%. Across the Atlantic, the European Central Bank lowered interest rates by 25 basis points. Eurozone inflation rose 2.6% YoY in May, up from 2.4% in April, driven by services.

China's economic landscape was mixed, with trade tensions between China and other economies a key issue. The ramp up in China's export volumes since mid-2023 culminated in the European Union announcing tariffs on Chinese electric vehicles. Retail sales grew 3.4% YoY up from 2.0% in April, whilst industrial production slowed, with output up 5.6% YoY, down from 6.7% in April.

In Australia, the ASX200 posted a modest gain of 1.0%, led by STX rising 40.0% and BAP rising 20.9%. Progress in getting inflation down stalled with May CPI coming in at 4.0% YoY against consensus expectations of 3.8%, raising expectations of a potential rate hike by year end. June also saw the IPO of Guzman Y Gomez, the largest float since APM Human Services hit the ASX in December 2021.

Looking ahead, we continue to navigate the complexities of global markets with a disciplined approach. Our investment strategy remains focused on identifying process consistent companies with attractive valuations. We will continue to take advantage of opportunities presented by market dislocations, understanding that short-term volatility can obscure the underlying value of well-positioned businesses.

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

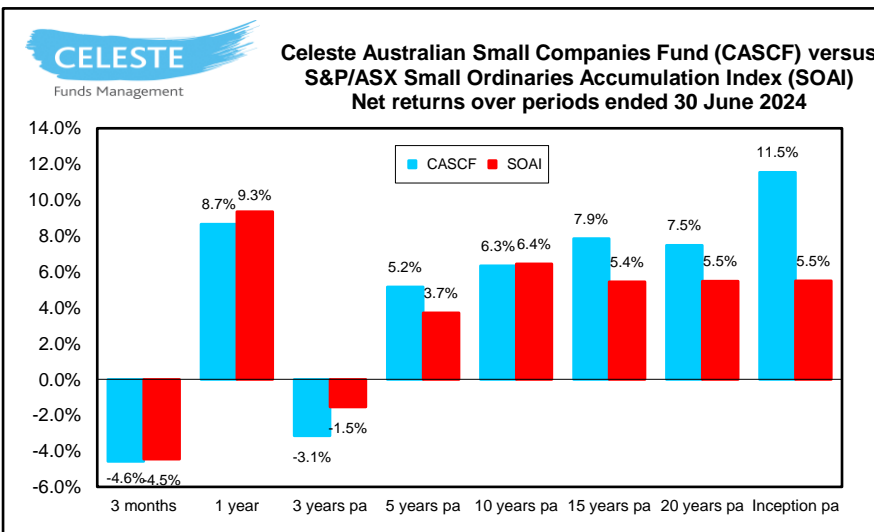
Primary Investments	Shares in listed Australian smaller companies
Investment objective	Exceed Small Ordinaries Accumulation Index over rolling 5 year periods
Unit price (redemption) as at 30.06.2024 [ex-distribution]	\$3.6641
Unit price (application) as at 30.06.2024 [ex-distribution]	\$3.6862
Fund Size as at 30.06.2024 [ex-distribution]	\$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



Past performance is not indicative of future returns. 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.

Celeste Funds Management Limited ABN 78 098 628 605 (AFSL 222 445) (Celeste) is authorised to provide financial product services to wholesale clients. This report is intended to provide only general securities information and is not to be construed as financial product advice, solicitation of an offer to buy or sell any financial product or a recommendation to buy, sell or hold a particular financial product. Accordingly, reliance should not be placed on this report as the basis for making an investment, financial or other decision. The information in this report does not take into account your investment objectives, financial situation or particular needs. Whilst every effort is taken to ensure the information in this report is accurate, its accuracy, reliability or completeness is not guaranteed.

This report has been prepared by Celeste, the investment manager of the Celeste Australian Small Companies Fund (Fund), and issued by The Trust Company (RE Services) Limited ABN 45 003 278 831 (AFSL 235 150) (Perpetual) as the Responsible Entity of and issuer of units in the Fund. Retail clients can invest in units in the Fund issued by Perpetual. Perpetual is authorised to deal with retail clients and a product disclosure statement (PDS) issued by Perpetual is available from Celeste Funds Management Limited (02) 9216 1800 or at www.celestefunds.com.au. You should obtain and consider the PDS before deciding whether to acquire, or continue to hold, an interest in the Fund. Initial applications for units in the Fund can only be made pursuant to the application form attached to the PDS. Before making any decision to make or hold any investment in the Fund you should consider the PDS in full as well as the Fund's Target Market Determination (available at www.celestefunds.com.au) which outlines the likely objectives, financial situation and needs of customers the Fund has been designed for. You should consider your own investment objectives, financial situation and particular needs before acting upon any information provided and consider seeking advice from a financial advisor if necessary. Neither Celeste nor any company in the Perpetual Group (Perpetual Limited ABN 86 000 431 827 and its subsidiaries), nor their officers, employees or agents, in any way guarantee the performance of the Fund or the return of the capital value of your investment. Past performance is not indicative of future returns.

Distribution History

Total distribution year ended	Cents Per Unit	Annual Yield %**
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
June 24	11.98	3.4

** CPU / unit price at beginning of period

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