

### 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 <sup>1</sup>	+4.2	+11.6	-2.3	+4.0	+6.4	+6.9
<b>Performance (relative to Index)</b>	<b>-0.9</b>	<b>-7.2</b>	<b>-1.7</b>	<b>-0.4</b>	<b>-0.6</b>	<b>+1.6</b>
S&P/ASX Small Ords Acc Index	+5.1	+18.8	-0.6	+4.4	+7.0	+5.3
S&P/ASX Small Inds Acc Index <sup>2</sup>	+4.3	+23.3	-1.0	+3.6	+6.9	+5.8
S&P/ASX Small Res Acc Index <sup>2</sup>	+7.2	+6.6	+2.1	+8.2	+7.2	+4.1

Past performance is not indicative of future returns.

#### Portfolio Commentary

The Fund rose 4.2%<sup>1</sup> (net of fees) in September, with its benchmark, the S&P/ASX Small Ordinaries Accumulation Index, increasing by 5.1% for the month. Since inception (May 1998) the Fund's return is 11.6%<sup>1</sup> p.a. (net of all fees), against the Index's 5.7% p.a.

Over the month **Champion Iron** (CIA) rose 17.2% driven by the announcement by China they would undertake a range of fiscal and monetary policy initiatives aimed at stimulating the Chinese economy. CIA also undertook an investor day at the Bloom Lake site highlighting that the direct reduction pellet feed project remains on time and budget for completion 2HCY25. This should see 7.5mtpa of production increase 66% to 69% commanding a further premium. We see CIA as a long-term story with production and price leverage to the green steel markets of Europe.

**Integral Diagnostics** (IDX) rose 14.2% with the Scheme booklet released for the proposed merger with Capitol Health (CAJ). It appears the \$10m in stated synergies relate primarily to headcount reduction as well as listed company costs and insurance. Upside does seem to exist in areas such as billing practices, alignment of IT systems and from changed MRI licencing rules. With only a 2 clinic overlap across the companies the ACCC approval process seems likely. Post this deal IDX will become a bigger more liquid pure radiology play with increased geographic and earnings diversity.

**Infratil** (IFT) rose 12.5% over the month after agreeing to support the Contact Energy bid for Manawa Energy at \$5.95/share a 48% premium to last. IFT owns 52% of Manawa, a hydro focused generator. The merger will see increased generation diversity and will improve earnings resilience and predictability. IFT is expected to own c10% of the company when the deal closes in 2QCY25.

**Light & Wonder** (LNW) fell 17.6% over the month after a US court placed an injunction on the recently launched electronic video slot machine, Dragon Train. Judge Navarro found that it was logical and reasonable to conclude Aristocrat would succeed in demonstrating LNW misappropriated ALL's trade secrets in the development of Dragon Train via math model spreadsheet. This will cease the rollout of this title but new product development should continue to see profit growth, management re-affirmed FY25 AEBITDA of \$1.4bn. LNW entered the ASX100 during the month.

#### Portfolio Top 5 Holdings

Stock	% of Fund
1 BREVILLE GROUP	4.2
2 AUSSIE BROADBAND	4.0
3 CHAMPION IRON	3.8
4 JUDO CAPITAL	3.8
5 AUB GROUP	3.6

<sup>1</sup> 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	+3.4	+22.2	+8.1
USA – S&P 500	+2.1	+36.4	+11.9
USA – NASDAQ Composite	+2.8	+38.6	+8.8
Europe – FTSE (UK)	-1.5	+12.4	+9.1
Europe – DAX (Germany)	+2.2	+25.6	+8.2
Asia – Nikkei (Japan)	-1.2	+21.2	+11.0
Asia – Shanghai Composite (China)	+17.6	+10.4	+0.5

Source: Bloomberg

#### Market Commentary

Equities markets ended the month in positive territory thanks in large part to the US and Chinese central banks. The US Fed Reserve in late September announced a 50bp reduction in the federal funds rate to 4.75%-5% based on further progress on lower inflation, expanding economic activity, slowing job gains and slightly higher unemployment. While much had been discussed around a pending reduction, the actual move now changes the "when mindset" to gesticulation around the path and size of future cuts. Markets were also supported by the decision of People's Bank of China (PBOC) to conduct a range of economic measures aimed at kick starting a weaker economy. Interest rates were lowered across 7 day repurchase rates and medium-term lending facilities. Reserve requirement ratios for banks were lowered by 0.5% and this is expected to inject 1 trillion yuan of liquidity into the economy over the next 12 months. Further support was provided to the real estate sector via lower mortgage interest rates on current loans. Politburo meeting officials further announced they would seek to guarantee the required level of fiscal expenditure to meet growth targets. Driven by stimulus, the Shanghai CSI 300 rose 21% over the month, just ahead of the Hang Seng up 17.5%.

Commodities performed strongly on the back of the Chinese stimulus plan. Iron Ore (62% Fe, CFR China) roared back to life to close the month at US\$109/tonne having languished around US\$88/tonne earlier in the month. On the precious side, gold continues to trade around all-time highs +6% to US\$2,640oz with silver well supported up just under 10% for the month. Aluminium +7%, Copper +6% & Nickel +4% were all strong. Oil prices broke down from recent ranges to their lowest level since 2021, bringing the fall since early July to -20%. Demand concerns are reflected in forward curve price weakness into CY25. There is some concern that OPEC may even hike production into this emerging surplus. Worryingly, coffee prices continued to rise, up 9% for the month and +78% over the last 12 months.

In Australia, RBA held rates at 4.35% suggesting that "underlying inflation has fallen very little over the past year". The latest national accounts data showed productivity growth had turned positive, albeit remaining relatively weak. With wages growth hovering around 4% this implies some level of headwind to the RBA's view that inflation will hit the middle of the band by 2026. Expectations for interest rate reductions continue to drift into 2HFY25. National house prices rose for the 20th consecutive month, up 0.4% m/m, and are now up 5.7% from their previous April-22 peak. Scuttlebutt suggests the Albanese government is considering making changes to negative gearing and concessional gains tax, impacting around 40% of property investors reporting a net rental loss in their tax returns.

<sup>2</sup> 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

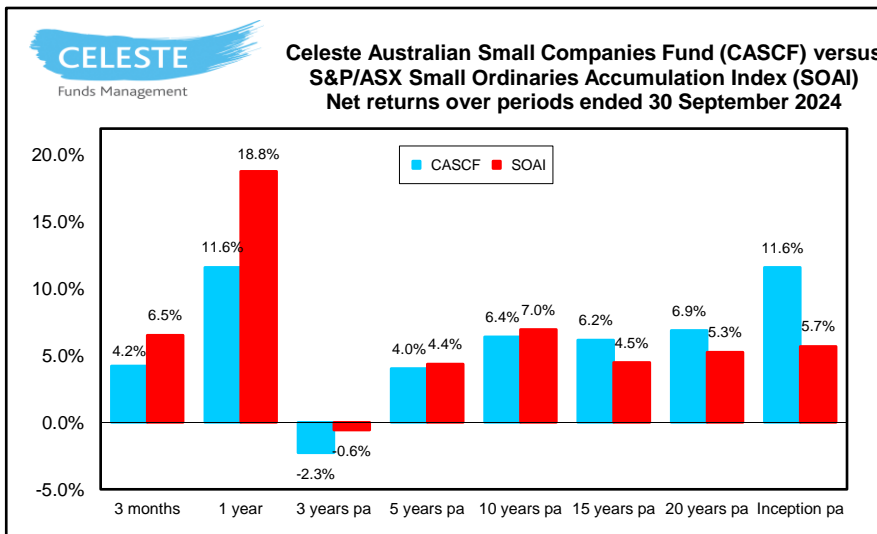
Primary Investments	Shares in listed Australian smaller companies
Investment objective	Exceed Small Ordinaries Accumulation Index over rolling 5 year periods
Unit price (redemption) as at 30.09.2024	\$3.8188
Unit price (application) as at 30.09.2024	\$3.8418
Fund Size as at 30.09.2024	\$66m
Minimum investment	\$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 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

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