CELESTE
Funds Management

Celeste Australian Small Companies Fund

Monthly update 30 April 2011

Fund Performance

In April the Fund was down 1.9% while the ASX Small Ordinaries Accumulation Index benchmark was down 2.6%. Global equity markets were mostly up in April, with the US S&P Index up 2.9%, the NASDAQ up 3.3%, the UK FTSE up 2.7% and the Nikkei up 1.0%.

In the past year the Fund increased in value by 13.3%, net of all fees, compared to a rise of 10.5% for the S&P/ASX Small Ordinaries Accumulation Index.

Since inception in May 1998 the Fund's return is 18.7% pa versus a return of 7.5% pa for the Index.

Portfolio Highlights

Skilled Group was up 8.0%, as investors become increasingly comfortable with recent management and board changes. The recapitalisation of the balance sheet and the company's strong prospects in a tightening labour market remain positives.

Navitas (-4.9%) announced a $200m contract over three years for the Commonwealth Government's Adult Migrant English Program. It also announced a 4% decline in global student enrolments, which was in line with market expectation. We expect that in the medium term the decline in student enrolments will reverse based on recent positive visa amendments announced by Australian and UK governments.

Southern Cross Electrical Engineering (-2.9%) raised $30m in a placement and $5m via a share purchase plan. The funds will bolster the balance sheet and provide the working capital requirements for strong project activity that is expected over the next 3-5 years.

Portfolio Top 5 Holdings

Stock	% of Fund
1 SKILLED GROUP	4.9
2 DULUXGROUP	4.4
3 BREVILLE GROUP	4.1
4 IOOF HOLDINGS	4.0
5 AUSTBROKERS HOLDINGS	4.0

Market Comments

Equity markets where volatile in April as investors acted with equal parts fear and trepidation in the march towards the June 30th reporting season. The risk to earnings expectations appears quite acute at present given a subdued domestic sales environment and the rapid appreciation of the Australian dollar.

In the US S&P changed its outlook on US Treasury debt to "negative" from "stable" citing a " material risk that US policy makers might not reach an agreement on how to address medium and longer term budgetary challenges by 2013". Federal Reserve Chairman Ben Bernanke held his first media open briefing during April and noted that in 2011 US growth would be between 3.1% and 3.3% (previous forecast 3.4% to 3.9%), and that inflation would be significantly higher at 2.1% to 2.8% than the previously expected 1.3% to 1.7%.

During April the Asian Development Bank warned that food and fuel price increases would place a handbrake on growth in the region and that the price escalation of recent times could cut economic growth in Asia by 1.5% this year.

China showed some sign of slowing during April with the April 'purchasing managers index' (PMI) falling to 52.9% in April, from 53.4% in March, as the tightening in monetary policy, to curb inflationary pressures, starts to take effect. Interestingly the April PMI is the 26th straight month where the index has stood above 50%, the level at which economic expansion, rather than contraction is indicated.

We will look to add to portfolio exposures in a process consistent manner when valuations are compelling, given a medium to longer to investment time horizon.

Performance Statistics (Net of fees)

	Celeste Australian Small Co. Fund	ASX Small Ord Acc Index	Performance	ASX Small Ind Acc Index	ASX Small Res Acc Index
1 month %	-1.9	-2.6	+0.7	-1.1	-4.8
3 month %	+0.2	-1.6	+1.8	+0.7	-4.7
1 year %	+13.3	+10.5	+2.8	+4.9	+19.9
2 years % pa	+31.4	+24.1	+7.3	+19.2	+32.2
3 years % pa	+9.1	-2.9	+12.0	-4.2	-0.1
5 years % pa	+8.7	+2.1	+6.6	-2.3	+12.5
10 years % pa	+15.0	+9.1	+5.9	+5.5	+20.5

Past performance is not necessarily indicative of future returns.

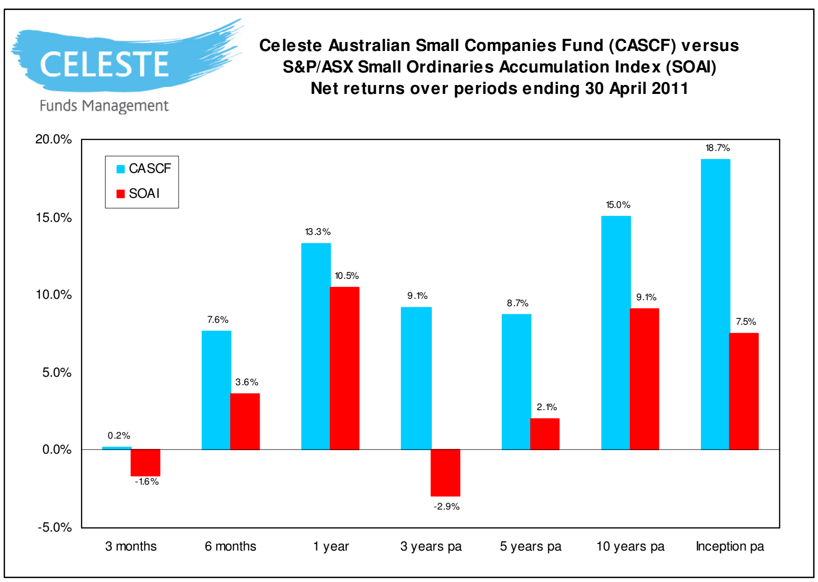
Fund at a Glance

Fund Information

Primary Investments	Shares in listed Australian smaller companies
Investment objective	Small Ordinaries Acc Index + 5% p.a. over rolling 3 years
Unit price (redemption) as at 30.04.2011	$3.1699
Unit price (application) as at 30.04.2011	$3.1955
Fund Size as at 30.04.2011	$109m
Minimum investment	$25,000
Minimum additional investment	$1,000
Minimum balance	$15,000
Minimum investment: monthly investment plan	$500
Redemption will generally be available in	7 days
Distributions	30 June and 31 December
Entry fee*	0%
Exit fee*	0%
Buy/Sell differential*	0.40%
Management fee*	0.95%
Performance fee**	20% of return above benchmark
OGFM***	0.95% p.a.

* 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.
*** The Ongoing Fee Measure (OGFM) is the total amount of the ongoing Manager and Custodian Fees and aggregate Fund expenses in a Financial Year (but excluding the performance fee), divided by the average Net Asset Value of the Fund for the Financial Year expressed as a percentage. Transactional costs, such as bank charges, brokerage and stamp duties are not included in the ratio. The OGFM for the Fund will not exceed 0.95% p.a. for the duration of the PDS.

Fund Returns



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Distribution History

Total distribution year ended	Cents Per Unit	Annual Yield %*
June 99	3.07	2.9
June 00	17.37	11.3
June 01	13.88	7.8
June 02	27.17	14.2
June 03	7.01	3.9
June 04	21.71	11.2
June 05	49.48	19.5
June 06	18.88	7.3
June 07	34.32	12.3
June 08	38.82	9.9
June 09	10.06	4.2
June 10	18.70	8.9

*CPU/unit price at beginning of period.

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