

We have added a new section to the Celeste Website called “**What we Read, Watch & Listen to**”, covering a broad cross-section of topics of interest.

To access the page, you can click on the following link:
<http://www.celestefunds.com.au/Default.aspx?tabid=98>

Celeste Australian Small Companies Fund

Monthly update 30 June 2011

Fund Performance

In June the Fund was down 3.3% while the ASX Small Ordinaries Accumulation Index benchmark fell 5.1%.

Global equity markets were all down in June, except for the Nikkei which saw a 1.3% rise. The US S&P Index fell 1.8%, the NASDAQ was down 2.2%, and the UK FTSE off 0.7%.

In the past year the Fund increased in value by 19.7%, net of all fees, compared to a rise of 16.4% for the S&P/ASX Small Ordinaries Accumulation Index.

Since inception in May 1998 the Fund's return is 18.0% pa versus a return of 6.8% pa for the Index.

Portfolio Highlights

Coffey International was up 14.4%, after announcing the outcome of a strategic review. Financial Year 2012 earnings guidance of EBITDA of at least \$45m has been provided and finance facilities to 2014 reconfirmed.

Imdex was up 3.9%, announcing an immediately earning per share accretive acquisition of Australian Drilling Specialties Pty Ltd.

Fleetwood rose 3.8%, making two announcements during the month. Firstly it signed an agreement with Woodside Petroleum for provision of accommodation for a number of rooms at its Karratha Searipple Village. The second announcement was that 350 rooms at Searipple Village had been contracted to Rio Tinto, further highlighting the strong demand for accommodation in the Karratha region.

Southern Cross Electrical Engineering was down 15.6%, announcing that it had failed to reach agreement with Leighton Contractors on work for the Gorgon Project. While the share price decline is disappointing the announcement highlights the companies pricing discipline. Southern Cross retains a \$900m tender pipeline of potential work.

Portfolio Top 5 Holdings

Stock	% of Fund
1 SKILLED GROUP	5.3
2 DULUXGROUP	4.6
3 AUSTBROKERS HOLDINGS	4.2
4 BREVILLE GROUP	4.1
5 SALMAT	4.1

Market Comments

Over the course of June investors were peppered with earnings downgrades and poor economic news with the bulk of global Indices down during the month.

Australian March quarter GDP data was coloured by natural disasters on the east coast, with the 1.2% fall in GDP (+1.0% YOY) the weakest quarter recorded for over 20 years. Recent commentary from the RBA has taken on a more sombre tone with market forecasters now suggesting one, or no further rate increases over the remainder of calendar 2011.

The US Federal Reserve cut US economic growth expectations from 3.1% to 3.3%, down to 2.7% to 2.9%, and noted that it was likely that unemployment in the US would remain stubbornly high. If one looks at the proportion of the US population over 16, employed during May, the figure of 58.4%, compares to 63% pre GFC, and an all time peak of 65%. With the QE#2 tap to be turned off in July we suspect that there will be a bias to further slowing in the US economy in coming months.

In the Eurozone Greek debt concerns have been deferred though the fundamental issue of unsustainable debt levels amongst some members of the union remain unresolved. Across Asia inflation concerns remain prevalent with the People's Bank of China further adjusting bank reserve requirements to stem lending levels and May inflation data from India suggesting inflation is annualising at over 12%.

We expect that the forthcoming reporting season is likely to lead to some further whittling of earnings expectations for FY 2012. Whilst we maintain a cautious disposition at present we remain process consistent and opportunistic, and will look to add to the portfolio should attractive opportunities emerge.

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 %	-3.3	-5.1	+1.8	-1.8	-9.7
3 month %	-6.6	-9.3	+2.7	-4.7	-15.6
1 year %	+19.7	+16.4	+3.3	+15.7	+17.7
2 years % pa	+25.3	+13.8	+11.5	+13.0	+15.2
3 years % pa	+12.8	-2.6	+15.4	+0.0	-5.2
5 years % pa	+8.9	+1.2	+7.7	-2.6	+10.9
10 years % pa	+13.9	+8.2	+5.7	+5.1	+18.1

Past performance is not necessarily indicative of future returns.

Fund at a Glance

Fund Information

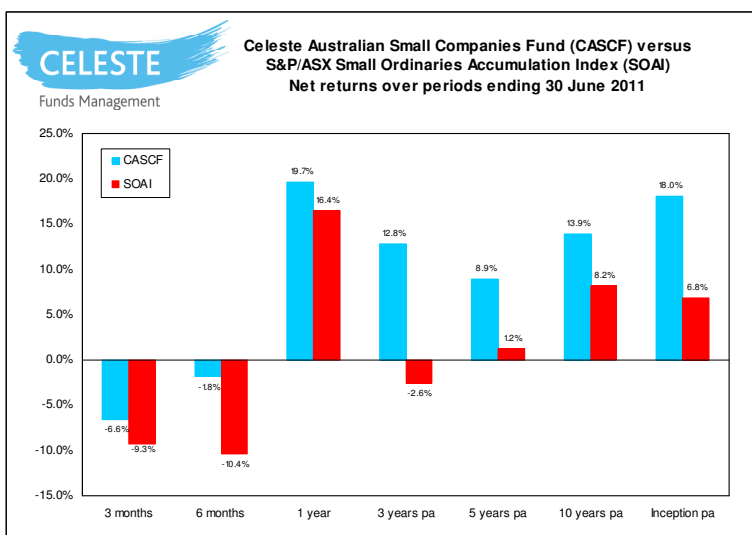
Primary Investments	Shares in listed Australian smaller companies
Investment objective	Small Ordinaries Acc Index + 5% p.a. over rolling 3 years
Unit price (redemption) as at 30.06.2011 ex - Distribution	\$2.9503
Unit price (application) as at 30.06.2011 ex - Distribution	\$2.9741
Fund Size as at 30.06.2011 ex - Distribution	\$107m
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



Past performance is not necessarily indicative of future returns.

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
June 11	11.89	4.6

*CPU/unit price at beginning of period.

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