



Funds Management

## Celeste Australian Small Companies Fund

Monthly update 30 November 2011

### Fund Performance

The Fund was down 3.2% in November, with its benchmark, the ASX Small Ordinaries Accumulation Index down 3.7%.

The main equity markets around the world were mostly softer with the US S&P 500 Index down a relatively benign 0.5%, the NASDAQ down 3.0%, the German DAX and UK FTSE down 0.9%, and 0.7% respectively, and the Nikkei Index down a more substantial 6.2%.

In the past year the Fund is down 4.1%, net of all fees, compared to a 12.1% decline for the S&P/ASX Small Ordinaries Accumulation Index.

Since inception in May 1998 the Fund's return is 16.8% pa, against to the Index's 5.9% pa.

### Portfolio Commentary

**RCR Tomlinson** was up 15.5% announcing a major contract with Fortescue Metals worth over \$600m. The contract entails engineering, procurement and construction activities for the Solomon Iron Ore Project in WA with the contract underpinning the RCR order book into FY 2013.

**DuluxGroup** rose 7.8%, announcing its FY 2011 result in November with sales up 3.4%, EBIT up 9.1% and Net Profit up 8.5%. The performance of DuluxGroup in FY 2011 is viewed as excellent given the challenges delivered by the flooding of its Queensland Rocklea production facility. We remain attracted to DuluxGroup's resilient market exposures, its iconic brand position, its significant market shares and to its management team who we view as best of breed in the Australian small cap sector.

**Skilled Group** rose 5.8% during November. It divested its Excelior call centre business to international services company Serco. The Excelior asset was deemed non-core with the sale price of \$8.2m considered attractive. We view the sale of Excelior positively and a further indicator of the improved operational focus post the November 2010 appointment of CEO Mick McMahon.

### Portfolio Top 5 Holdings

Stock	% of Fund
1 SKILLED GROUP	4.9
2 DULUXGROUP	4.7
3 AUSBROKERS HOLDINGS	4.1
4 RCR TOMLINSON	3.9
5 BREVILLE GROUP	3.9

### Market Comments

Equity markets globally were sold off aggressively in November, as investors reacted adversely to the Euro-zone crisis.

During November debt agencies cut the rating of Portuguese and Hungarian bonds to junk, whilst the cost of borrowing for both Spain and Italy rose sharply across all points of the yield curve. A German bund offering during November also suffered the ignominy of attracting interest for only 65% of bonds offered. The European Union cut its FY 2012 growth forecasts from 1.8% to 0.5% and noted that there was a risk of recession in Europe.

The movement of the Australian dollar during November also highlighted a softening in global growth expectations as it moved from a high to the US\$ of \$1.01 to a low of \$0.96. China's export data for October, reported in November, added further weight to the global slow down theme with October year on year growth of 15.9%, compared with 17.9% in Sept., and with 24.5% in August.

For many corporations the domestic Annual General Meeting season highlighted that local operating conditions remained challenging, with cost increases difficult to recover and sales growth elusive. To add validity to the '2 speed' economy concept the bulk of companies with exposure to mining investment, and to servicing the needs of the resource sector, reported buoyant conditions and remained optimistic as to their medium term prospects.

With the Euro-zone a Gordian knot of economic uncertainty we expect that equity markets will remain challenging and volatile over the next few months. In environments of uncertainty we remain focused on applying our investment process diligently, whilst remaining sensitive to attractive investment opportunities that will be presented to us.

### 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 %	-3.2	-3.7	+0.5	-3.2	-4.5
3 month %	-2.8	-7.2	+4.4	-4.5	-10.6
1 year %	-4.1	-12.1	+8.0	-6.4	-19.2
2 years % pa	+3.4	-1.6	+5.0	-2.5	+0.1
3 years % pa	+19.8	+15.0	+4.8	+10.5	+25.9
5 years % pa	+3.3	-3.6	+6.9	-6.9	+4.8
10 years % pa	+12.4	+7.1	+5.3	+3.9	+18.1

Past performance is not necessarily indicative of future returns.

## Fund at a Glance

### Fund Information

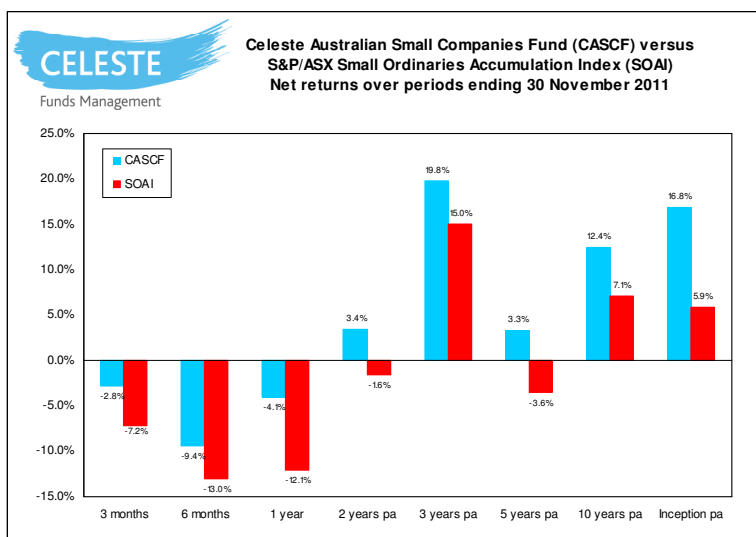
<b>Primary Investments</b>	Shares in listed Australian smaller companies
<b>Investment objective</b>	Small Ordinaries Acc Index + 5% p.a. over rolling 3 years
<b>Unit price (redemption) as at 30.11.2011</b>	\$2.7625
<b>Unit price (application) as at 30.11.2011</b>	\$2.7848
<b>Fund Size as at 30.11.2011</b>	\$115m
<b>Minimum investment</b>	\$25,000
<b>Minimum additional investment</b>	\$1,000
<b>Minimum balance</b>	\$15,000
<b>Minimum investment: monthly investment plan</b>	\$500
<b>Redemption will generally be available in</b>	7 days
<b>Distributions</b>	30 June and 31 December
<b>Entry fee*</b>	0%
<b>Exit fee*</b>	0%
<b>Buy/Sell differential*</b>	0.40%
<b>Management fee*</b>	0.95%
<b>Performance fee**</b>	20% of return above benchmark
<b>OGFM***</b>	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
June 11	11.89	4.6

\*CPU/unit price at beginning of period.

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