

### 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>	+1.6	+5.2	-2.3	+4.1	+6.0	+7.3
<b>Performance (relative to Index)</b>	<b>-1.9</b>	<b>-4.1</b>	<b>-1.7</b>	<b>+0.6</b>	<b>-0.3</b>	<b>+1.9</b>
S&P/ASX Small Ords Acc Index	+3.5	+9.3	-0.6	+3.5	+6.3	+5.4
S&P/ASX Small Inds Acc Index <sup>2</sup>	+5.1	+12.7	-0.3	+3.1	+6.7	+6.0
S&P/ASX Small Res Acc Index <sup>2</sup>	-0.9	-0.4	-1.1	+5.6	+4.9	+4.0

Past performance is not indicative of future returns.

#### Portfolio Commentary

The Fund rose 1.6%<sup>1</sup> (net of fees) in July, with its benchmark, the S&P/ASX Small Ordinaries Accumulation Index, increasing by 3.5% 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 5.6% p.a.

**NRW Holdings** (NWH) rose 8.1% in July. The company provided an FY24 update, expecting \$187m underlying EBITA vs. previous \$175-185m guidance. Cash flow was also notably strong with >90% conversion vs. EBITDA. The outlook remains solid for NWH with an orderbook of \$5.5b including \$2.7b relating to FY25, a further \$200m of preferred tenders and "a growing pipeline of opportunities".

**Credit Corp Ltd** (CCP) rallied 16.4% during July off the back of a strong FY24 result. Productivity improvements in their US business resulted in record collections in Q4. This has allowed the business to capitalise on favourable purchasing conditions, amassing over half of their guided FY25 investment in July. The Australian debt purchasing market appears to have found a base after several years of softness. CCP continues to maintain a dominant market share. Earnings from the consumer lending segment should benefit in FY25 driven by the record opening loan book.

**Bellevue Gold** (BGL) fell 23.2%. The company announced their 5-year strategic plan with a \$150m equity placement to fund the planned production growth. Although near-term guidance was below expectations, longer-term production is expected to reach 250k ounces per annum at an all-in sustaining cost of A\$1,500-1,600 per ounce. The planned restart of exploration drilling should also see resource extension. With expectations now rebased, BGL offers high-quality earnings growth at a compelling valuation.

**Aussie Broadband** (ABB) fell 7.8% in July. Management confirmed FY24 EBITDA would be at the top end of the \$116-121m range, however FY25 EBITDA guidance of \$125-135m disappointed the market. The loss of their wholesale contract with Origin Energy (ORG) has offset the expected strong organic growth across the remainder of the business. ABB also announced the launch of their challenger brand, Buddy, with a supporting \$10m investment in marketing to reach their targets of 100k customers within 3 years and positive EBITDA contribution in FY27.

#### Portfolio Top 5 Holdings

Stock	% of Fund
1 LIGHT & WONDER	3.8
2 BREVILLE GROUP	3.8
3 NETWEALTH	3.5
4 GQG PARTNERS	3.4
5 AUSSIE BROADBAND	3.4

<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	+3.8	+13.4	+7.1
USA – S&P 500	+1.2	+22.1	+9.6
USA – NASDAQ Composite	-0.7	+23.6	+7.1
Europe – FTSE (UK)	+2.5	+13.0	+10.1
Europe – DAX (Germany)	+1.5	+12.5	+6.0
Asia – Nikkei (Japan)	-1.2	+20.1	+15.0
Asia – Shanghai Composite (China)	+0.3	-8.2	-2.1

Source: Bloomberg

#### Market Commentary

Equities markets were mixed over July. Domestically the ASX 200 was a strong performer, closing the month at an all-time high and up 4.2% for the month. In the US, both the S&P 500 and Nasdaq also achieved all-time highs intra-month before profit taking on the back of weaker than expected earnings results, primarily in the technology sector, drove the Nasdaq 0.7% lower for the month, while the S&P 500 eked out a gain of 1.2%.

Market expectations regarding interest rate levels remained the key short-term driver of equity prices. In the US, the market has priced in that, the data dependent Federal Reserve, will begin cutting rates in September. This combined with betting markets indicating that Donald Trump has firmed to a 64% chance of winning the US Presidential Election, saw investors aggressively rotate into Small Cap stocks. The Russell 2000 was up 10.2% for the month. In Australia, fears of a re-acceleration in underlying inflation proved unfounded, with trimmed mean inflation coming in at 0.8% qoq versus consensus expectations of 1.0%. As a result, the annualized change of 3.9% moderated from 4.0% the previous quarter. During the month the Australian 10-year bond yield declined by 19bps, whilst the AUD/USD depreciated by 2.2%.

China's Q2 GDP growth disappointed as domestic consumption and the property market stayed weak. Against this background, the Third Plenum of the 20th Party Congress was held to lay out reform plans and structural policy framework for the next five years. The ultimate communique delivered was disappointing with no fiscal stimulus and no evidence of a policy pivot.

Commodities were broadly flat to down over the month, meaning the spot price of Iron Ore, Coking Coal, Uranium and Copper are down low double digits in percentage terms over the past 3 months. The Lithium market remains the clear outlier, with Spodumene down over 20% in the past 3 months. To that end, Albermarle announced changes to its Lithium Hydroxide processing plant, Kemerton, with Train 2 to be placed in care and maintenance and construction on Train 3 to be stopped.

August 2024 reporting season will provide another signpost to corporate performance in what has been a sluggish macro-economic operating environment. We think that companies will be reluctant to give guidance in such an uncertain environment and so expect that there will be higher than usual levels of volatility around this reporting season. We continue to seek stocks that have an ability to drive their revenue lines manage their cost bases, convert earnings to cash and invest for future growth.

<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

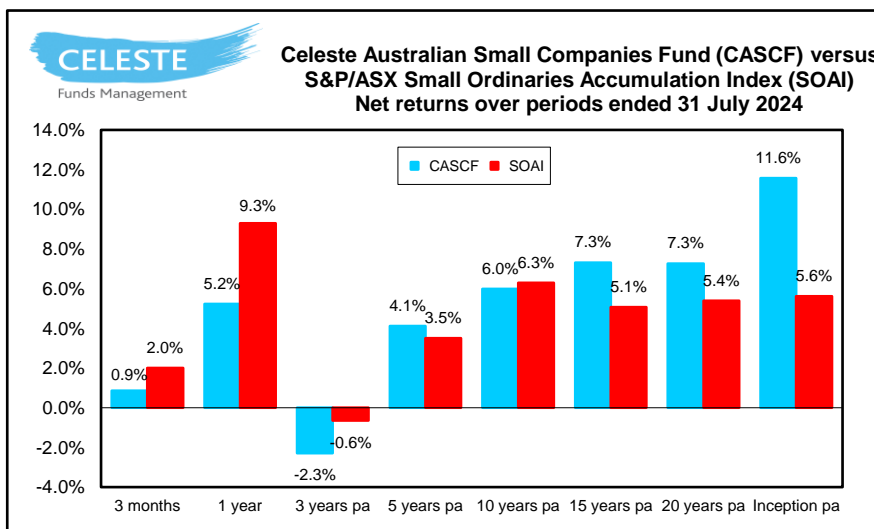
Primary Investments	Shares in listed Australian smaller companies
Investment objective	Exceed Small Ordinaries Accumulation Index over rolling 5 year periods
Unit price (redemption) as at 31.07.2024	\$3.7228
Unit price (application) as at 31.07.2024	\$3.7452
Fund Size as at 31.07.2024	\$64m
Minimum investment	\$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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