

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 ¹	+0.6	+17.2	-2.3	+4.2	+6.7	+6.6
Performance (relative to Index)	-0.2	-9.4	-1.7	-0.5	-0.4	+1.6
S&P/ASX Small Ords Acc Index	+0.8	+26.6	-0.6	+4.7	+7.1	+5.0
S&P/ASX Small Inds Acc Index ²	-1.1	+31.1	-1.2	+3.4	+6.6	+5.4
S&P/ASX Small Res Acc Index ²	+6.1	+14.3	+1.9	+9.6	+8.8	+4.0

Past performance is not indicative of future returns.

Portfolio Commentary

The Fund rose 0.6%¹ (net of fees) in October, with its benchmark, the S&P/ASX Small Ordinaries Accumulation Index, increasing by 0.8% for the month. Since inception (May 1998) the Fund's return is 11.6%¹ p.a. (net of all fees), against the Index's 5.7% p.a.

Bellevue Gold (BGL) and **Gold Road Resources (GOR)** rallied +23.1% and +17.0% respectively as gold pushed over A\$4000/oz. BGL released their September quarterly showing production and costs tracking in line with FY25 guidance and their 5-year growth plan. GOR's quarterly showed operations recovering from the rain event in the preceding quarter, with continued improvements in mining rates setting the business up for a strong FY25.

MA Financial (MAF) was up +21.0% off the back of a strong quarterly update. The funds management business enjoyed gross inflows up 25% on the pcp with AUM reaching \$9.9b. The recently announced Australian Real Estate Credit Vehicle has already received \$500m of commitments and is on track to achieve total targeted commitments of \$1b. Finsure added 247 new brokers in the quarter, driving managed loans to \$128b. The MA Money loan book pushed over \$1.7b and reached run-rate breakeven monthly earnings in September.

Nick Scali (NCK) fell 15.2% over the month. In Australia and New Zealand, FYTD written sales orders were up 3% on FY24 however soaring global freight costs saw gross margin contract 240 basis points. Pleasingly, the UK operations showed improvement as gross margin expanded 300bps on stable written sales orders. This trend should continue as more Nick Scali product is rolled out to these stores. We remain attracted to NCK's growth profile both domestically and in the UK.

ARN Media (A1N) rose 12.1% over the month. In response we took the opportunity to exit the position as the share price approached fully valued. The merits of industry consolidation remain unchanged, however the likelihood of a deal with Southern Cross Media (SXL) completing continues to fall given limited engagement from the board and management of SXL and the complicating factor of SXL's regional TV holdings (the catalyst for co-bidder Anchorage Capital Partners to walk away).

Portfolio Top 5 Holdings

Stock	% of Fund
1 JUDO CAPITAL	4.9
2 NETWEALTH	4.2
3 BREVILLE GROUP	4.1
4 AUB GROUP	4.1
5 IMDEX	3.7

¹ 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	-1.3	+25.4	+7.6
USA – S&P 500	-0.9	+38.0	+9.1
USA – NASDAQ Composite	-0.5	+41.9	+6.1
Europe – FTSE (UK)	-1.4	+15.0	+7.8
Europe – DAX (Germany)	-1.3	+28.8	+6.7
Asia – Nikkei (Japan)	+3.1	+28.9	+12.8
Asia – Shanghai Composite (China)	-1.6	+11.9	+0.1

Source: Bloomberg

Market Commentary

Equities markets were mixed during October. Domestically the ASX 200 returned -1.3% for the month, while the Small Ords finished in positive territory, up 0.8%, driven by a +6.1% return from the Small Resources. Globally, the S&P 500 declined 0.9%, the UK's FTSE 100 was down 1.4%, while Japan's Nikkei rose a stunning 3.1%.

Investor focus was stretched across three interrelated spheres during the month, the selloff in global bond markets, gold price strength and the upcoming US Presidential Election.

The headline strength of the US labour market, combined with the stirring of some inflationary ghosts resulted in US Treasuries selling off aggressively, with US 10-year yields increasing 50bps to 4.25%. The US Bond market continues to gyrate, pricing in the most recent economic datapoint as if it represents the terminal trajectory of the US economy. Prior to the US Fed's first rate cut in September, the market was concerned that the Fed was behind the curve and had waited too long to begin the cutting phase. Today, with the FOMC due to meet in the first week of November, markets have reduced their expectations to a cut of 25bps in the Fed Funds rate versus 50bps previously. Domestically, the RBA meets on Tuesday November 5, which coincides with the Melbourne Cup. Punters on the race could only dream of finding a horse with the same certainty of the RBA sitting on their hands once again as the Federal Government continues to fight inflation with inflationary fiscal policy.

In commodities, gold was the only game in town, up 4.2% for the month. This combined with 4.8% depreciation in the AUDUSD, drove Australian domiciled gold stocks materially higher over October. With the China stimulus rally quickly running out of steam, iron ore, copper and nickel all faded over the month, down 7.5%, 4.3% and 10.5% respectively.

The US Presidential Election will be held on November 5 and at the time of writing, polls indicate a tight race however betting markets suggest former President Trump is more likely to be elected. Regardless of who takes over the White House, financial markets will be most satisfied with a certain victor as opposed to the drawn-out process witnessed in 2000 and 2020.

The October/November period sees the majority of ASX listed companies hold their AGM's. This has become a mini reporting season, with companies providing trading updates for the beginning of FY25. To date, several companies within the portfolio have provided positive updates reiterating guidance provided in August.

² 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

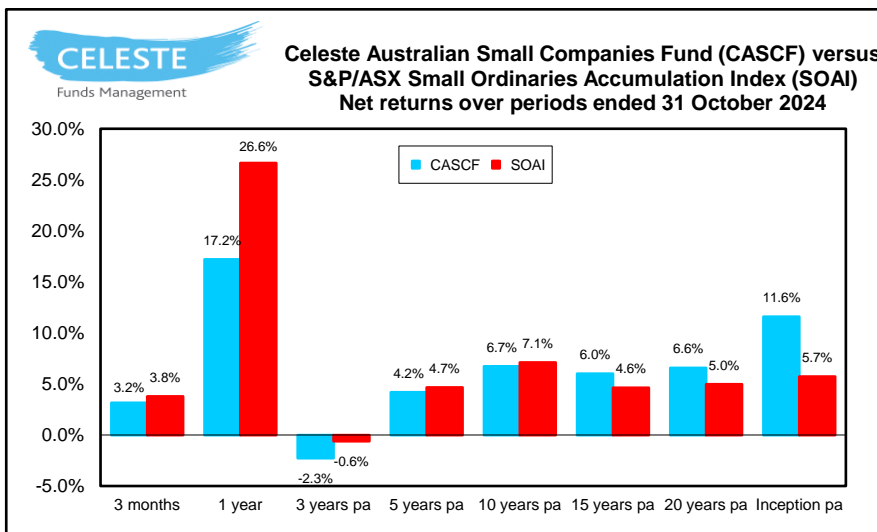
Primary Investments	Shares in listed Australian smaller companies
Investment objective	Exceed Small Ordinaries Accumulation Index over rolling 5 year periods
Unit price (redemption) as at 31.10.2024	\$3.8403
Unit price (application) as at 31.10.2024	\$3.8634
Fund Size as at 31.10.2024	\$64m
Minimum investment	\$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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