

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	+3.7	+7.7	+1.4	+3.7	+7.6	+6.1
Performance (relative to Index)	-0.9	-4.6	-1.7	-0.6	-0.1	+1.4
S&P/ASX Small Ords Acc Index	+4.6	+12.3	+3.1	+4.3	+7.7	+4.7
S&P/ASX Small Inds Acc Index ²	+3.3	+13.6	+3.8	+3.1	+7.1	+5.3
S&P/ASX Small Res Acc Index ²	+8.3	+8.3	+1.4	+9.2	+10.0	+3.7

Past performance is not indicative of future returns.

Portfolio Commentary

The Fund rose 3.7%¹ (net of fees) in January, with its benchmark, the S&P/ASX Small Ordinaries Accumulation Index, increasing by 4.6% for the month. Since inception (May 1998) the Fund's return is 11.5%¹ p.a. (net of all fees), against the Index's 5.8% p.a.

Gold Road Resources (GOR) rallied 21.0% over the month, buoyed by a rising gold price and solid quarterly update. Gold production reached a record 92koz at an All-in Sustaining Cost (AISC) of A\$1,811/oz with an average sale price of A\$4,093/oz. With the mining fleet now in position to access the entire ore body, FY25 should see a step-up in production with guidance set at 325 – 355koz at an AISC of A\$2,400 – A\$2,600/oz. GOR also released a pre-feasibility study for the Gilmour project, showing potential for a 5-year mine life at 50kozpa at an average AISC of A\$2,004/oz.

Monadelphous Group (MND) rose 12.9% in January. The company guided to 1H25 NPAT of \$40-43m, which was 4.5% ahead of consensus (excluding a \$7m after-tax non-operating benefit) driven by improving operating margins, likely in the Engineering Construction segment. The operating environment remains favourable for Australian contractors as evidenced by MND securing two new contract awards with Rio Tinto (RIO) valued at \$150m, with both relating to iron ore operations in the Pilbara.

Data#3 (DTL) rose 8.9% in January. Industry press reported during the month the Digital Transformation Agency had extended its Microsoft Volume Sourcing Arrangement (VSA 5) with unchanged terms for a further 12 months to Jun-26. Under the arrangement, DTL is the licensed solutions provider for a range of Microsoft products to all Federal government agencies. The company has held this position with the government since 2008 and annual spend is in excess of \$100m.

Infratil Ltd (IFT) fell -11.3% during January as sentiment deteriorated in AI-exposed stocks. The release of Chinese startup DeepSeek's latest AI model brought into question the long-term demand for high-end computing hardware and infrastructure such as data centres. IFT, through its ownership of data centre operator CDC, was included in the basket of AI-exposed stocks heavily sold-off. Several hyper-scalers have since reiterated their intent to continue investing heavily into hardware and infrastructure.

Portfolio Top 5 Holdings

Stock	% of Fund
1 JUDO CAPITAL	5.4
2 NETWEALTH	4.8
3 BREVILLE GROUP	4.6
4 AUB GROUP	4.1
5 MA FINANCIAL	3.9

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	+4.4	+15.1	+10.9
USA – S&P 500	+2.8	+26.4	+11.9
USA – NASDAQ Composite	+1.7	+30.4	+12.2
Europe – FTSE (UK)	+6.2	+18.0	+9.2
Europe – DAX (Germany)	+9.2	+28.6	+12.0
Asia – Nikkei (Japan)	-0.8	+11.0	+15.9
Asia – Shanghai Composite (China)	-2.7	+20.5	+1.8

Source: Bloomberg

Market Commentary

Equity markets enjoyed a strong start to the calendar year. Both the ASX200 and the Small Ordinaries Accumulation Index rose 4.6% in January, with Small Industrials rising 3.3% and Small Resources a stunning 8.3%. Globally, the S&P500 in the US rose 2.8%, but this paled in comparison to European markets, where the UK FTSE rose 6.2% and the German DAX 9.2%.

Despite the overall strong performance of the equity markets in January, the emergence of DeepSeek, a supposed low-cost alternative to the likes of ChatGPT, rattled the AI theme that has been a major driver of technology stocks globally and in particular the US. The S&P 500 IT sector fell 2.9% for the month, with a sharp sell off in chipmaker NVDA (-10.6%) the key loser.

Inflation data in Australia for December quarter came in below expectations and materially below the RBA's forecast. For the trimmed mean, the qoq annualised rate was ~2%, the bottom of the RBA's target. As such, the market quickly priced in expectations that the RBA would finally begin cutting interest rates with a 25bps reduction at its February meeting. Moreover, it appears increasingly likely that this will be followed by two further cuts in April and May.

At its January meeting, the US Fed left interest rates unchanged and made representations that it was in no hurry to cut rates further, after the 100bps reduction effected in the back of 2024, until it knows more about what policy changes are coming from the new Trump Administration. With the US economy performing well and unemployment stable, the Fed is giving itself plenty of wiggle room and the market is now only pricing in two 25bps cuts in 2025. The first days of February proved the Fed's conservatism as prescient, with President Trump announcing new tariffs on goods imported to the US from Canada, Mexico and China. While these announcements may prove to be a negotiating tactic from the author of "The Art of the Deal", any level of tariff on some of the US's major trading partners is likely to stir the inflation genie that had been stubbornly returning to its bottle.

February in Australia brings another reporting season, with the majority of listed companies providing an update on business performance over the six months to December 2024. With equity valuations stretched, we anticipate a volatile month for equity prices. We will continue to shape the Celeste portfolio in a process consistent manner, by investing in long term cash generating companies trading at a discount to intrinsic value.

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

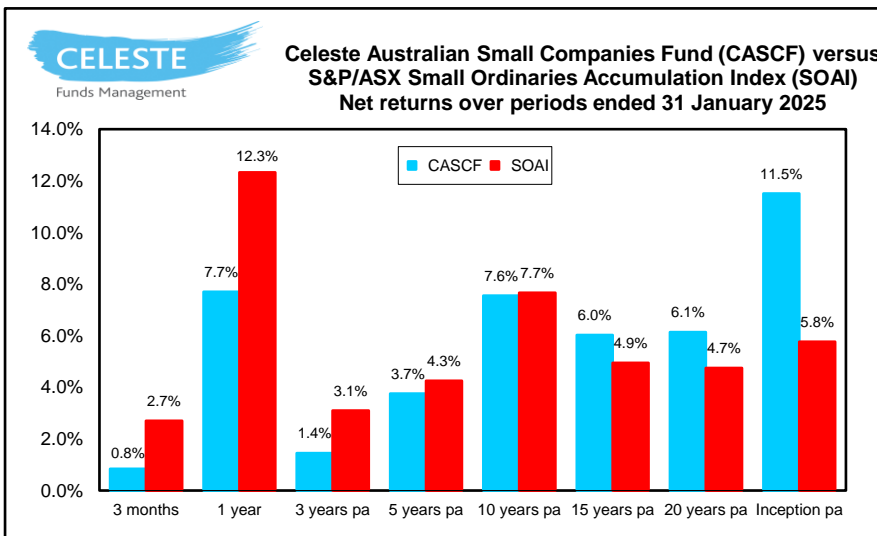
Primary Investments	Shares in listed Australian smaller companies
Investment objective	Exceed Small Ordinaries Accumulation Index over rolling 5 year periods
Unit price (redemption) as at 31.01.2025	\$3.8380
Unit price (application) as at 31.01.2025	\$3.8611
Fund Size as at 31.01.2025	\$63m
Minimum investment	\$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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