

Investment Strategy

The Fund generally invests in 30 – 60 securities listed on the Australian Securities Exchange that fall outside of the S&P/ASX 100.

No more than 10% of the Fund can be invested in one issuer (stock or collective investment vehicle).

Fund Facts

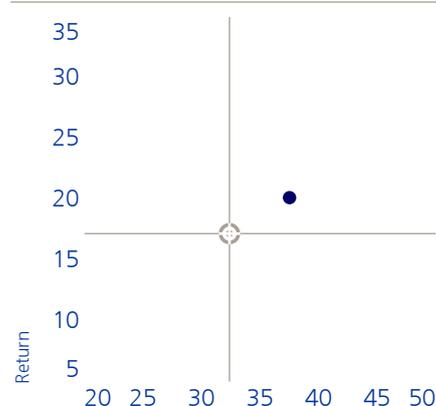
APIR Code	ZUR7150AU
Inception Date	15/06/2018
Total Est. Management Cost % [^]	1.64
Buy/Sell Spread%	0.3
Est. Transactional Op. Cost %	0.53
Distribution Frequency	Semi-Annually
Underlying Fund Manager	Celeste Funds Management Pty Limited

Portfolio Characteristics

Funds Under Management	\$1.26m
Number Of Holdings	38
Turnover Ratio%	54.33
Latest distribution date	31 Dec 2020
Latest distribution amount	0.0046
Benchmark	S&P/ASX Small Ordinaries Accumulation Index

Risk Reward

Time Period: 28/02/2020 to 28/02/2021

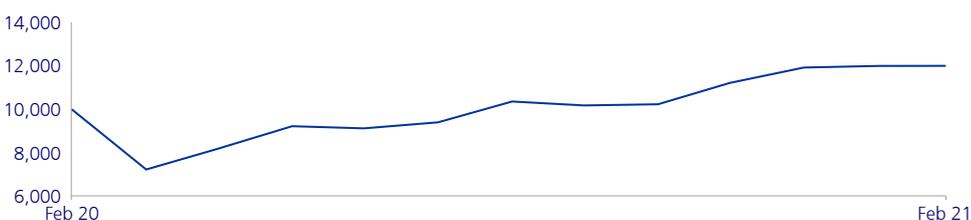


Fund Performance After Fees*

As at 28/02/2021	1 Month %	3 Months %	1 Year % p.a	Since Inception % p.a
Growth	0.03	6.49	18.42	-1.42
Distribution	0.00	0.51	1.72	8.92
Total	0.03	7.00	20.14	7.50
Benchmark	1.55	4.08	17.18	5.83

Investment Growth

28/02/2020 to 28/02/2021



Risk Statistics

Time Period: 28/02/2020 to 28/02/2021

Std Dev	37.51
Alpha	1.70
Beta	1.14
Sharpe Ratio (arith)	0.68
Up Capture Ratio	114.69
Down Capture Ratio	112.86

Portfolio Equity Sectors



Top 10 Holdings

Portfolio Date: 28/02/2021

	Portfolio Weighting%	Benchmark Weighting%
Codan Ltd	4.39	0.75
Steadfast Group Ltd	3.80	1.45
ARB Corp Ltd	3.66	1.06
Breville Group Ltd	3.57	1.10
City Chic Collective Ltd	3.53	0.40
Deterra Royalties Ltd Ordinary Shares	3.40	0.81
Autosports Group Ltd	3.38	0.00
Eclix Group Ltd	3.37	0.26
Monadelphous Group Ltd	3.36	0.46
Eagers Automotive Ltd	3.20	0.95

Market

The Small Ordinaries Accumulation Index had a volatile February, rallying at the beginning of the month only to sell-off towards month-end. The surge in bond yields in the back half of February caused a sell-off in technology, long-duration growth stocks, REITs and Infrastructure names. The continued rollout of the global COVID-19 vaccination program drove market enthusiasm towards recovery names like travel, airlines, cinema and entertainment.

The February reporting season highlighted ongoing strength in the domestic consumer, driving discretionary consumption and retail sales. The fiscal support, by way of business payments and JobKeeper, has maintained a solid spending cadence which has been directed towards upgrading everything from electronics and couches to cars and houses. Evident in the reporting was ongoing revenue and contract weakness in companies exposed to Europe and North America, driven by higher COVID-19 infection rates and rolling lockdown environments. This is expected to improve as the vaccine rollout leads to a slightly more normal environment.

Fund

The Fund produced a marginally positive return in February but was unable to keep pace with the strong index return.

Top performers in February included Codan, Event Hospitality & Entertainment and Eclix Group.

Codan rallied in February after posting a strong result which saw revenues and net profit grow impressively. The jewel in the Codan crown, the Minelab metal detection business, saw revenues grow 55%, with growth across gold and recreational markets. The company also acquired Domo, a tactical communication business. The acquisition is expected to be earnings accretive and synergistic to Codan's tactical communications business as Domo services similar customers, markets and geographies. The investment team believes Codan will continue to grow Minelab sales strongly into the medium term, all the while gaining market share and widening its competitive moat.

Event Hospitality & Entertainment rose substantially after delivering a better-than-expected result. Cinema and Hotel revenues have been impacted by COVID-19 although a large portion of this decline has been offset via a significant reduction in the cost base. Thredbo performed strongly over the ski season and is anticipated to have a solid summer. The announcement of \$250m in property sales has allayed investors' concerns around a possible equity raising post the collapse of the German asset sale process.

Eclix Group surged following a positive trading update. With the restructure of the group completed ahead of time and a new executive team in place, the company has continued to perform well despite a challenging year. 2020 earnings have been driven by end-of-lease income and the quality of their earnings streams are expected to further improve as the number of new leases written grows. Net debt has been materially reduced. The investment team believes that Eclix Group is well placed to deliver meaningful earnings growth over the next two to three years.

Data analytics software provider Nuix disappointed the market with its maiden interim result. Revenues were negatively impacted by foreign exchange headwinds and a challenging US Government election sales environment which saw some contract signings slip into January. Pleasingly, the business maintained low customer churn whilst adding high-value customers to the order book. Increased uptake in the SaaS offering should help to reduce lumpiness in future earnings. Management reiterated full-year revenue guidance as set out in the prospectus.

Outlook

Ongoing monetary and fiscal support should act as a backstop to investor concerns as the vaccine program is rolled out across the globe. The investment team are mindful of increasing inflation expectations, rising bond yields and equity market pricing. Although market valuations are at the upper end of five-year averages, Celeste continues to see opportunities while remaining focused on executing the Fund's process and ensuring the appropriate pricing of risk.

* Performance returns quoted are compound rates of return calculated on exit prices and assume reinvestment of distributions. Returns are calculated net of all ongoing fees and any taxes payable by the fund. Total return includes both growth and distribution returns. Growth return is the change in exit price over the relevant period. The benchmark return shown is a gross return. Please note that figures shown are rounded to one decimal place, therefore some rounding errors may occur.

^ The Estimated Total Management Cost of 1.64% includes a Management Fee of 0.9%, an Estimated Performance Fee of 0.74% and Estimated Indirect Costs of 0%

Past performance is not a reliable indicator of future performance.

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