

Celeste Funds Management

Manager profile



Company overview

Celeste Funds Management (Celeste) is a boutique funds management business with a focus on listed Australian equities. It's an active equity manager with a disciplined investment process and aims to provide above benchmark returns for investors with a conservative nature and a patient disposition.

Celeste can trace its origins back to 1997, having always been involved in the active management of listed Australian equities. The five-man Celeste investment and operations team has over 85 years of finance sector involvement. In late 2009 the shareholding structure of the Celeste business was overhauled with Celeste now 59% owned by its staff and 39% owned by the Australian Stock Exchange listed Treasury Group Limited.

Investment philosophy and style

Celeste recognises that equity markets are rarely perfectly efficient. As a result, there are times when share prices don't accurately reflect the intrinsic value of the companies they represent. Celeste seeks to take advantage of equity market valuation anomalies through its disciplined and definable investment process. It invests with patience, often with a medium to long-term time horizon. Celeste's investment style is process driven, incorporates both growth and value considerations, and is generally regarded as style neutral.

Investment process

Celeste applies its investment process consistently across the size and quality spectrum of Australian listed companies. Its research process is multi-faceted in nature with an emphasis on valuation, accounting quality and financial rigour.

Its process considers business model robustness and scope for significant change in the operational and competitive landscape. It assesses the management and board with a weighting on issues such as integrity, depth of experience and historic performance track record.

Celeste considers a broad range of valuation methodologies in its investment process. It believes that valuation needs to reflect the financial and operational traits of a company to be able to assess its intrinsic worth. Celeste undertakes focused company research which follows its investment process rather than market fashion or mood swing.

It believes through the gathering of information, educated debates and the questioning of commonly held market beliefs, there exists the potential to minimise the risk of capital loss and increase the potential for gain.

The investment team has an active company visitation program, holding over 300 company meetings annually. It uses a diverse and eclectic range of information sources, including local and international listed companies, unlisted companies, industry functions, trade journals, domestic and international media.

The investment team's objective is to generate returns which exceed benchmark returns, often with modest levels of portfolio turnover. Celeste invests in a range of stocks, across industry sectors, which have the potential to deliver above benchmark returns.

Responsible Investment factors are an important and fully integrated part of Celeste's investment process. Celeste is a signatory to the United Nations Principles of Responsible Investment, a member of the Investor Group on Climate Change and a member of the Responsible Investment Association of Australia.

Reason we selected Celeste

Celeste is an active bottom-up stock picker that focuses on the investment merits of individual stocks rather than market and economic trends. It considers a broad range of valuation methodologies in its investment process and places a strong emphasis on understanding the business models, management and accounts of the companies it invests in. We favour Celeste's focused company research and the way it follows its investment process rather than market fashion or mood swings. We believe because Celeste avoids companies that appear to be evolving, in favour of quality companies currently running quality businesses, it actively minimises downside risks.



What to do next

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