

CELESTE CONCENTRATED FUND (the Fund)

ARSN 115 121 625

Important Information

30 May 2012

Mosaic Portfolio Advisers Limited (ABN 13 108 747 637 AFSL 275 101), the Responsible Entity (RE) for the above Fund wishes to advise that there are important changes to be made to the operation of the Fund.

Change to Investment approach

Celeste Funds Management Limited will continue as the underlying investment manager; however, the investment approach will alter to a focus on small companies only. The Fund currently focuses on a portfolio of predominantly small and large companies.

Following a transition period which will commence as soon as practicable, when the change to investment approach will be implemented, it is anticipated that the Fund's portfolio will hold a minimum of approximately 20 individual securities and will generally hold between 30 and 40 securities.

There is no change to the stated investment objective of the Fund. Following the implementation of the change outlined the benchmark of the Fund will be the S&P/ ASX Small Ordinaries Accumulation Index.

Small company stocks may perform differently from the market as a whole, and increased exposure to small companies may cause the Fund, at times, to underperform equity funds that use other investment strategies. Securities of small companies are often less liquid than securities of large companies and this could make it difficult to sell a small company security at a desired time or price. As a result, small company stocks may fluctuate relatively more in price.

Change to Management Fees

Effective from 1 July 2012, and resulting from the proposed change to the Fund's investment approach, there will be a change to the Fund's entitlement to fees as follows:

- The current Management Fee of 1.13% p.a. (inclusive of GST after taking into account any applicable Reduced Input Tax Credits* (RITCs)) will reduce to 0.95% p.a. (inclusive of GST after taking into account any RITCs).
- A new capped Performance Fee will be introduced which will be in addition to the reduced Management Fee. The Performance Fee (PF), (inclusive of GST after taking into account any RITCs) will be paid to Celeste Funds Management Limited at the rate of 20% of the return of the Fund (net of the Management Fees) in excess of the return of the benchmark, the S&P/ASX Small Ordinaries Accumulation Index. The PF

fee will be capped at 1.95% p.a. of the net asset value of the Fund (inclusive of GST after taking into account any applicable Reduced Input Tax Credits* (RITCs). The PF will be subject to a high water mark with any performance below the benchmark (from the point of implementation of the new fee structure) having to be made up before a performance fee can be charged.

*We note that the GST Regulations are proposed to be amended from 1 July 2012 which, if enacted, will have the effect of increasing some fees. This is because, under the proposed changes, and subject to certain exceptions, "recognised trust schemes" (such as the Fund) will only be eligible for a reduced input tax credit of 55% of the GST it pays on an acquisition rather than the prevailing rate of 75%.