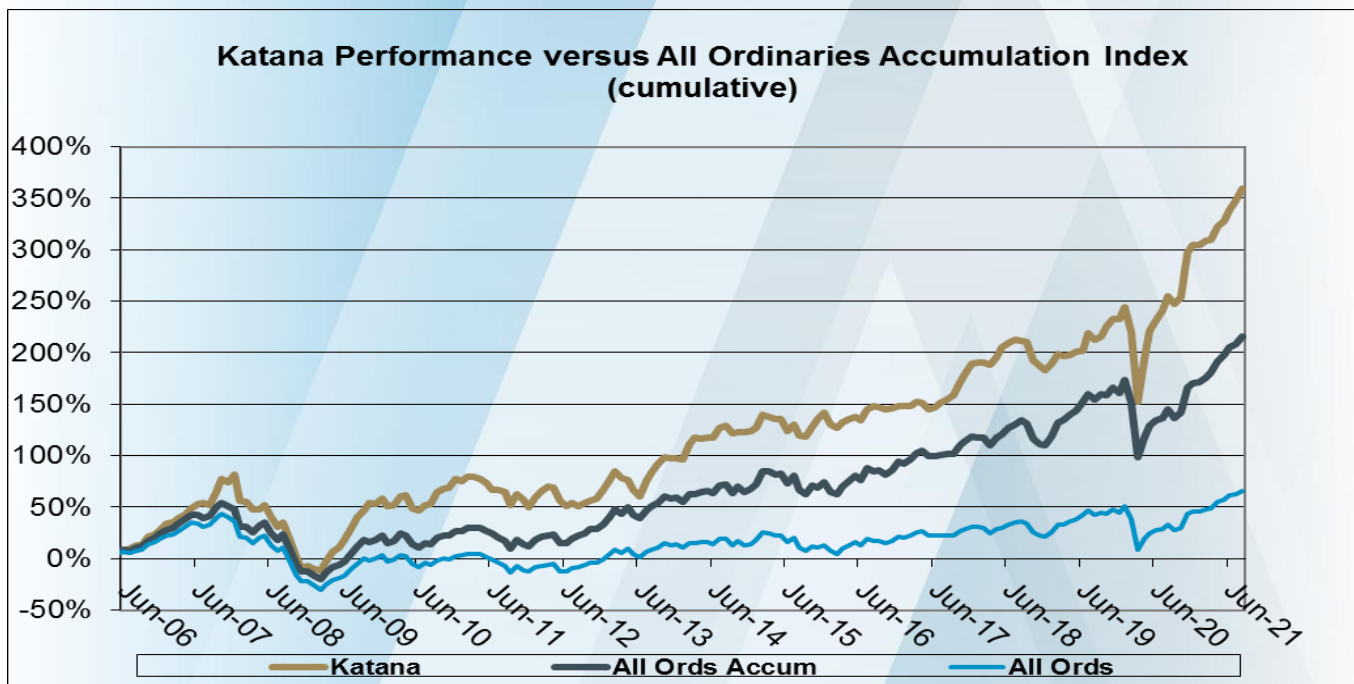


Katana Australian Equity Fund



People. Process. Passion. Performance

Performance at 31 August 2021	1 Month	6 Months	1 Year	3 Years	5 Years	Since Inception
Katana Investment Portfolio	2.78%	12.62%	29.56%	13.83%	13.11%	10.23%
ASX All Ordinaries Accumulation Index	2.60%	14.75%	29.00%	10.56%	11.29%	7.63%
Outperformance	0.17%	-2.12%	0.56%	3.27%	1.82%	2.60%



Source: Katana Asset Management, strategy inception was December 2005. Fund net returns are post fees, pre tax using redemption prices and assume reinvestment of distributions. Dated 30/06/2021. Past performance is not an indicator of future performance

Key contributors:

- Uniti Group** soared after reporting record results on multiple fronts including a revenue increase of 175% on the previous year
- Ardent Leisure** rose after reporting strong EBITDA up 165% from the previous year; they also anticipate opening new centres in FY22
- Downer EDI** reported a return to profit backed by strong performance from transport projects

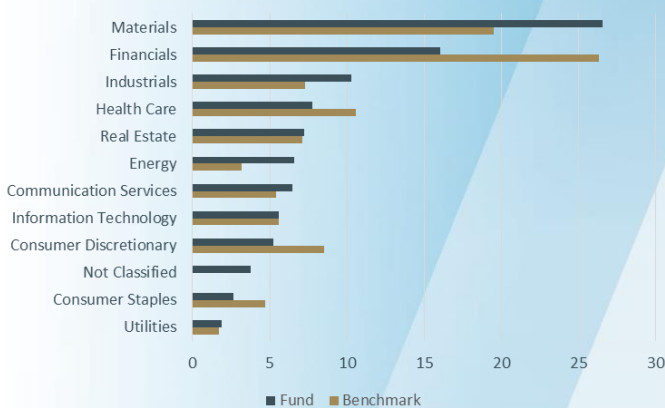
Key detractors:

- Mineral Resources** reported strong numbers but succumbed to selling post moving ex-dividend; iron ore prices were also weaker
- Woodside** saw heavy selling as investors grappled with the news of a BHP merger and quantum of shares to be issued
- Seven Group Holdings** results were in-line with expectations but the outlook is mixed for some divisions including Boral

Top 10 Holdings

Company	Weight
Mineral Resources Ltd	4.84%
Uniti Group Ltd	3.06%
South32 Limited	2.94%
NextDC Limited	2.33%
Macquarie Group Ltd	2.20%
Ingenia Communities Group	2.19%
Westpac Banking Corporation	2.18%
Woodside Petroleum Ltd	2.15%
Wesfarmers Ltd	2.11%
CSR Ltd	2.02%

Sector Exposure vs All Ords



Market Commentary

It was a weak month for the *Materials* and *Energy* sectors, undergoing declines of 7.3% and 3.9% respectively. The decline in the *Materials* sector was clearly driven by the bursting of the iron ore bubble, with the price declining by just over US\$40 per tonne (20.5%) during August. The decline in *Energy* was driven by a 7.4% decline in the price of West Texas crude, albeit Brent crude declined by a more modest 4.4%. The proposed merger of Woodside with BHP's petroleum assets also placed considerable pressure on the former, with its price declining by 11%.

On the flipside, August was all about *technology*. Square's takeover bid for Afterpay drove the latter's price up 39% for the month and contributed to the bulk of the 16.8% rise in the *technology* sector.

Despite our current positioning towards *materials* and our caution on the valuation of some 'spec tech'; the fund was able to slightly out-perform. This was also despite our very conservative footing, where cash averaged ~20% throughout the month. To be able to beat the index (net of all fees) in a strong month - with an above average cash weighting - is a testament to the underlying investment process and team.

The reporting season was subdued as expected. Most results were well telegraphed in advance. There were some ad hoc investor reactions, but these were generally smoothed over fairly quickly.

The market has now risen consecutively for the past 11 months, which has not occurred since 1943. When combined with the fact that September has statistically been the worst month in the past 20 years, the ingredients are in place for a correction of some degree. Whilst we continue to hold cash to capitalise on any pullback, we do see any such move as being short-term and shallow. As we have written over the past 12 months, *liquidity* and *necessity* continue to be the 2 dominant forces at play.

Fund Objective

To maximise risk adjusted returns to investors. The Fund is an All Opportunities benchmark unaware long only Australian Equity portfolio.

Key Facts

APIR Code	KTA0002AU
Responsible Entity:	Katana Asset Management Ltd
Minimum Application	\$25,000
Asset Allocation	Australian equities: 70-85%; Cash 15-30%
Performance fee	10% (plus GST) of the Fund's out performance with a high-water mark.

The information contained in this email is of a general nature only. It does not take into consideration your specific needs or circumstances.

You should seek appropriate advice to determine personal suitability before investing.

Copyright © 2021 Katana Asset Management Ltd, All rights reserved. (AFSL 288412) For questions or to talk to a product specialist please contact Romano Sala Tenna on (08) 9220 9888. Level 9, The Quadrant, 1 William Street, PERTH WA 6000 Ph: (08) 9220 9888 Email: bdm@katanaasset.com