

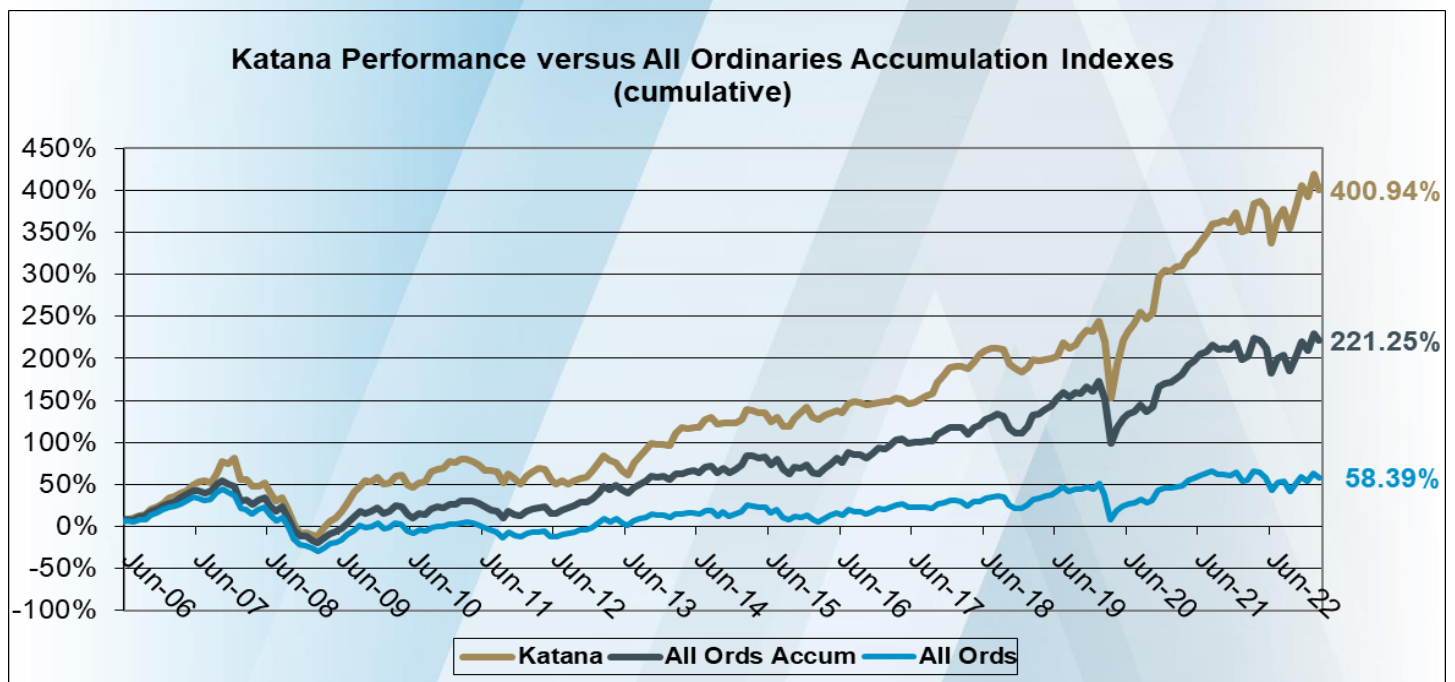
Katana Australian Equity Fund



Performance at 28 February 2023	1 Month	1 Year	3 Years	5 Years	(Inception) 17 Years
Katana Investment Portfolio	-3.67%	10.57%	16.12%	11.49%	9.84%
ASX All Ordinaries Accumulation Index	-2.48%	5.97%	8.50%	8.05%	7.03%
Outperformance (pa)	-1.19%	4.60%	7.62%	3.44%	2.81%

Total Return	3 Year	5 Year
Category	5.88%	7.49%
+/- Cat	8.89%	4.87%
% Rank	Top 2%	Top 2%

Source: Morningstar Data as at 31/12/22



Source: Katana Asset Management, strategy inception was January 2005. Fund net returns are post fees, pre tax using redemption prices and assume reinvestment of distributions. Dated 28/02/2023. Past performance is not an indicator of future performance

Key contributors:

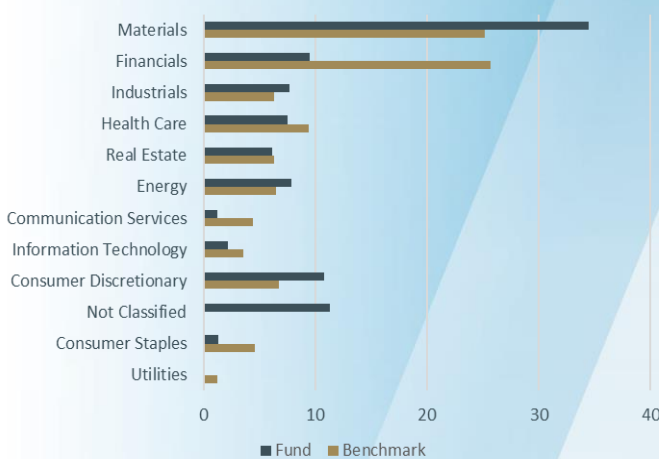
- Aristocrat Leisure** rallied on news NSW pokies might go cashless, they also completed their acquisition of Roxor Gaming and increased their buyback
- Seven Group Holdings** beat expectations in their 1H23 results driven by WesTrac and Coates, full year guidance was also upgraded
- Bank Of Queensland** - rose on rumours of a potential merger with Bendigo Bank

Key detractors:

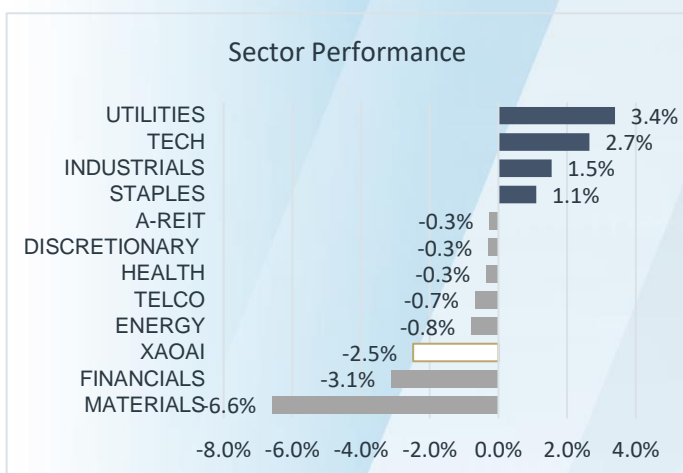
- Mineral Resources** fell on weaker than expected 1H23 results and softening spot lithium prices, the outlook remains strong
- Domino's Pizza** disappointed in their 1H23 result with sales falling short of expectations, they also reduced full year guidance
- Allkem Ltd** downgraded their full year production guidance as they continue grade control drilling at Mt Catt

Top 10 Holdings	Weight
Mineral Resources Ltd	8.01%
CSL Ltd	4.26%
Wesfarmers Ltd	3.04%
Beach Energy Ltd	2.92%
Aristocrat Leisure Ltd	2.66%
Macquarie Group Ltd	2.53%
IGO Ltd	2.23%
Allkem Ltd	2.20%
Vaneck Global Clean Energy	2.13%
South32 Ltd	2.03%
Total Top 10 Holdings	32.01%
Total Cash	31.46%

Sector Exposure vs All Ords



Sector Performance



Market Commentary

As we have outlined in recent months, there are not too many places where we want to be invested at present. *Financials, A-REITS, Consumer Discretionary, Technology, Utilities and even high priced healthcare* are all disproportionately impacted by the rising yield curve. By a process of elimination, that leaves a handful of sectors, of which *Materials* and *Energy* offer the best tailwinds. However during February, profit-taking and concerns around the speed and extent of China's recovery, combined to deliver the worst relative performance in these sectors in several years. Nonetheless, we remain confident that the *Materials* sector in particular remains one of the few places that make sense at this juncture. The early signs in March have re-affirmed this stance.

Looking forward, the consumer continues to face 3 significant headwinds in the form of higher mortgage/rental costs, the impact of food, energy and general inflation and the decline in household wealth due to the fall in housing prices. Consumer spending makes up 50% of GDP in Australia and 68% in the US. The decline in consumer spending must and will impact corporate profitability. Of this part we have a high degree of confidence. In the normal course of events, this in turn will impact stock valuations and prices.

At the moment we feel as though we are in the 'twilight zone': all of the bad news is known, but due to the laggard effect, consumption remains robust. However, in the end, gravity always wins!

The main concern is that this is still the consensus position, and rarely do you generate superior returns from the safety of the herd. But for the moment, we are maintaining an elevated cash weighting. We intend to do so until either share prices correct, or consumer spending and corporate earnings rebase.

Key Facts

APIR Code	KTA0002AU
Minimum Application	\$25,000
Asset Allocation	Australian equities: 65-95%; Cash 5-35%

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