

# Katana Australian Equity Fund

The Katana Australian Equity Fund (KAEF) is a long-only, actively managed investment fund that invests in a range of Australian listed companies.

Katana focuses on generating returns through unique insights into investment ideas while striving to act in unison with the market. Flexibility within the boundaries of our risk framework and rigorous investment process allows us to maximise investor returns without constraint on size, sector or thematic.

Our fund has an overarching preoccupation with protecting your investment. We are comfortable to remain weighted in cash for extended periods until the right opportunities arise.

Invest in  
a meeting  
today

**Phone** 08 9220 9888  
**Email** [info@katanaasset.com](mailto:info@katanaasset.com)  
**Post** PO Box Z5364  
St Georges Terrace  
PERTH WA 6831



**KATANA**  
ASSET MANAGEMENT LTD

[www.katanaasset.com](http://www.katanaasset.com)



KATANA ASSET MANAGEMENT LTD ACN 106 327 495 AFSL 288 412  
Level 16, 140 St Georges Terrace, Perth WA 6000

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The information provided in this brochure is intended for general use only. The information provided does not constitute financial advice. Under no circumstances should investments be based on the information herein.

Please be aware that investing in (any asset) involves the risk of capital loss, and that past performance is not necessarily indicative of future performance.

All investment returns quoted are pre-tax and pre-fees and calculated on an annualised basis.

## Performance – Quarter Ended 30 June 2017

During the quarter ended 30 June 2017, the Katana Australian Equities Fund (KAEF) delivered a negative return of -1.86%, which compared to its benchmark, the ASX S&P All Ordinaries Accumulation Index return of -1.54%. The fund has outperformed its benchmark over the longer term and the Manager is working hard to maximize future returns.

Fund Performance (Net of fees)	1 MONTH	3 MONTHS	6 MONTHS	3 YEARS PA	INCEPTION PA
KAEF	0.81%	-1.86%	-0.09%	4.32%	8.20%
All Ords Accum Index	0.28%	-1.54%	2.89%	6.83%	6.20%

*N.B Past performance is not an indicator of future performance.*

The top five holdings in the portfolio at 30 June 2017 were Pioneer Credit, QBE Insurance, Santos, Janus Henderson and BT Investments. The fund's largest contributors for the quarter were BT Investments, Pacific Current Group and Regis Resources. KAEF's stock holdings in Fund Managers generally performed well with positive contributions from Janus Henderson, Challenger and HFA Holdings. The largest detractors were Santos and a couple of small cap stocks, Talisman Mining and K2 Asset Management.

The ASX S&P All Ords Accumulation Index increased in April before tracking down in May and then range-trading in June. Index sectors that outperformed over the quarter were Industrials, Healthcare and IT. Underperformers were Financials, particularly the Banks; Consumer Staples and Telecommunications.

### Investing Environment

Overall, the global economy continues to strengthen and core inflation, rather than deflation is becoming more prevalent. Key macro events during the quarter included the US Federal Reserve Bank raising interest rates for the third time in the current cycle; the European Central Bank becoming more hawkish; and the Bank of Canada implementing an initial rate hike. Although record stock market highs continue to be made in the US, there is some concern that valuations have become stretched and it is now well over a year since the market had a correction of 5% or more. There is also increasing doubt that the Republicans will be able to pass important legislation in 2017 such as amending or repealing Obamacare to provide funding for future tax cuts and infrastructure spending.

The Australian economy remains quite challenging despite robust employment growth and higher eastern states' house prices. Specific growth areas include health, education and financial services; and increased infrastructure spending.

The Fund continues to hold a high level of cash, which the Manager has been gradually deploying and is looking to invest additional funds over the coming months.

For more information on the Katana investment philosophy and approach, please visit our website at: [www.katanaasset.com](http://www.katanaasset.com)

For more information about Katana Asset Management, please contact:

**Romano Sala Tenna**

PORTFOLIO MANAGER – KATANA ASSET MANAGEMENT

[rsalatenna@katanaasset.com](mailto:rsalatenna@katanaasset.com)

+61 8 9220 9888