

# Katana Capital Limited

NOVEMBER 2015

AGM PRESENTATION

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**KATANA**  
ASSET MANAGEMENT LTD

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# Key Metrics

## FY15 Performance vs Benchmark

- -3.6% Investment Return vs +1.29% (All Ords Index)

## In Context - 10 Year Performance vs Benchmark

- Outperformance [+67.7]% over period
- Includes 2 Years out of 10 of negative performance (Benchmark: 3 years out of 10)

## Dividends

- Paid 4x quarterly dividends totalling 6c per share (Average 50% franked)
- Dividend yield 7.8% partly franked at share price (18 November 2015: 77 cents)

## FY16 YTD Outperformance

- YTD performance [+ XX%] vs Benchmark -4.8% (as at 18 Nov 2015)

# Personnel

## Investment Staff

MEMBER	TITLE	QUALIFICATIONS	YEARS INVESTING	SKILLSET & ORIENTATION
<b>Romano Sala Tenna</b>	Portfolio Manager	B.Bus (Distinction), Grad Dip Applied Investment Analysis, ADA 1&2, F.FINSIA	20	Bottom-up value investing: small-mid-large caps; fundamentally driven with technical analysis overlay; trend-following contrarian opportunities
<b>Brad Shallard</b>	Portfolio Manager	B.Bus (Accounting), CPA, Dip of FP, Grad Dip Applied Investment Analysis, ADA 1&2, F.FINSIA	20	Large cap growth (business model and management) and market generated opportunities; high-conviction mid-cap
<b>Matthew Ward</b>	Investment Manager	B.Econ (Honours), CA, ACA, Harvard Management Leadership	30+	Bottom-up value investing; high-conviction mid-cap and large-cap opportunities; industrial and financial services sectors; macro thematic
<b>Giuliano Sala Tenna</b>	Investment Manager	B.Bus (Distinction), Grad Dip Applied Investment Analysis, GAICD	15	Macro top-down liquid large cap opportunities, especially financial services and healthcare
<b>Stephen Thomas</b>	Senior Analyst	B.Science Royal School of Mines Imperial College London, MBA Cardiff Business School, AusIMM	25+	High conviction bottom-up mining opportunities especially copper, gold, nickel and iron ore; expertise in mining services and related sectors

## Manager – Skills and Experience

- Combined direct investment experience of >100 years!
- Covers 4 stock market cycles
- Professional Qualifications - economics, business, accounting, investment analysis, mining, geology
- Diverse Backgrounds – domestic, international
- Results Focused
- Strong Processes - rigorous decision-making.
- Media Recognition - regular contributions to all forms of media
- Aligned Interests - managers personally own ~20% of FUM
- 2nd Top Performing Long Only Fund Manager in 2014 out of >100 (source: Mercer)

# Investment Philosophy

## Overview

## Multiple Styles for Multiple Market Conditions:

- Fundamental combined with technical analysis
- Value and growth Investing
- Market experience and observation
- Comfortable to remain weighted in cash for extended periods
- Focused on capital preservation, so avoid companies with poor balance sheets, low/negative cash flow; below top-quartile management



# Portfolio

Typical Portfolio

## Portfolio as at 31 October 2015

- Overweight Large Caps
- Largest holding is 4.3% of the fund
- 5 of the top 10 have substantial overseas operations
- 5 of the top 10 are fund managers
- Major banks acquired post recent sell off
- Typical portfolio:
  - Top 10 ~30-35%;
  - Remaining stocks 35-40%;
  - Cash ~20-35%
  - Large caps blended with emerging growth

### Top 10 Investments

Percentage of Portfolio Valuation as at 31/10/15

ANZ Banking Group Ltd	4.3%
Crown Resorts Ltd	3.8%
National Australia Bank Ltd	3.8%
BT Investment Management Ltd	2.9%
Telstra Corp Ltd	2.8%
Henderson Group PLC	2.8%
Santos Ltd	2.7%
HFA Holdings Ltd	2.6%
Pacific Current Group Ltd (ex Treasury Gp Ltd)	2.4%
Perpetual Ltd	2.3%
<b>Top 10 Equity Investments</b>	<b>30.3%</b>
Remaining Equities	38.6%
Cash and Cash Equivalents	31.1%
<b>TOTAL</b>	<b>100.0%</b>

Source: Katana Capital Ltd ASX Release  
13/11/15



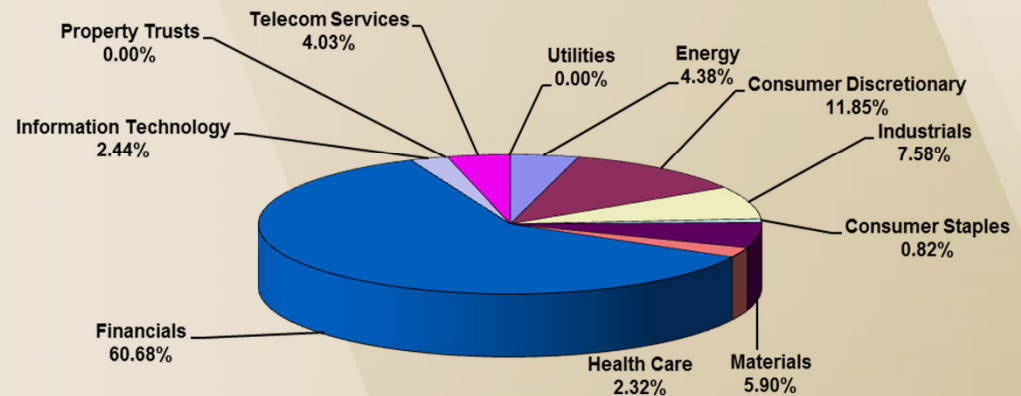
# Portfolio

Typical portfolio

## Active Weightings vs Index Benchmarks

- Overweight high conviction sectors eg Financial Services
- Underweight overvalued and/or structurally challenged sectors eg Materials, Utilities, Consumer Staples

Portfolio Holdings By GICS  
31st October 2015



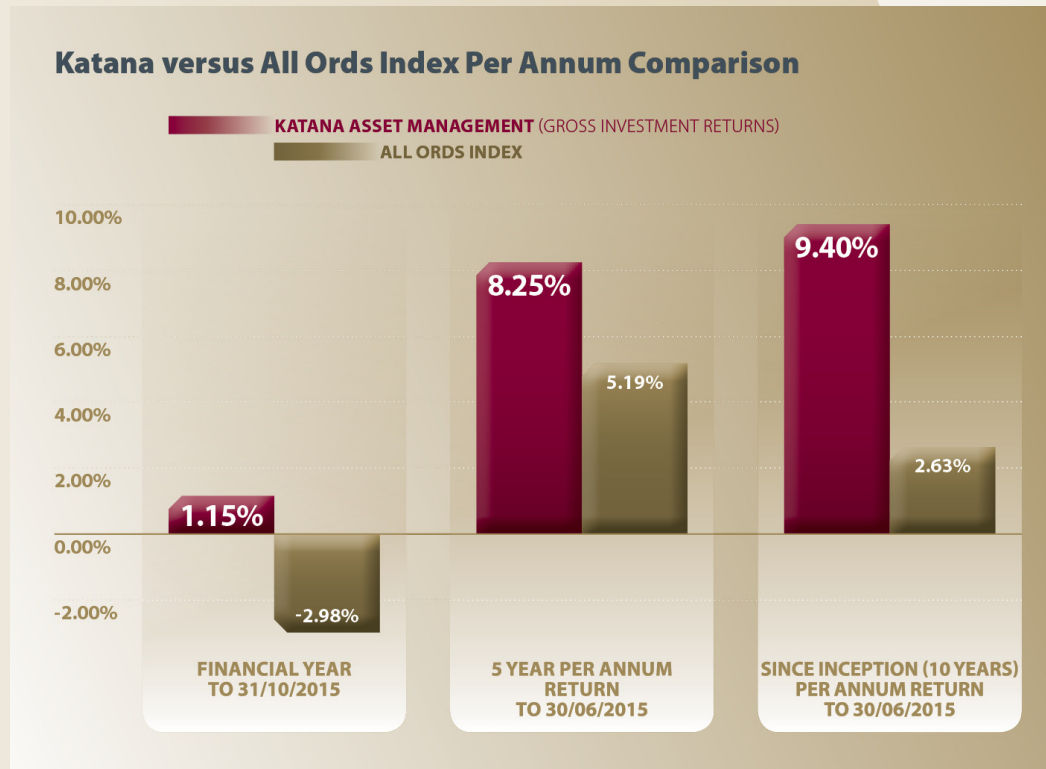
Source: Katana Asset Management

# Performance History

vs Benchmark

## Strong performance track record

- Positive performance over short, medium and long term
- Proven 10-year track record during challenging period (includes GFC)
- Prepared with skills and experience for future challenges



Note:

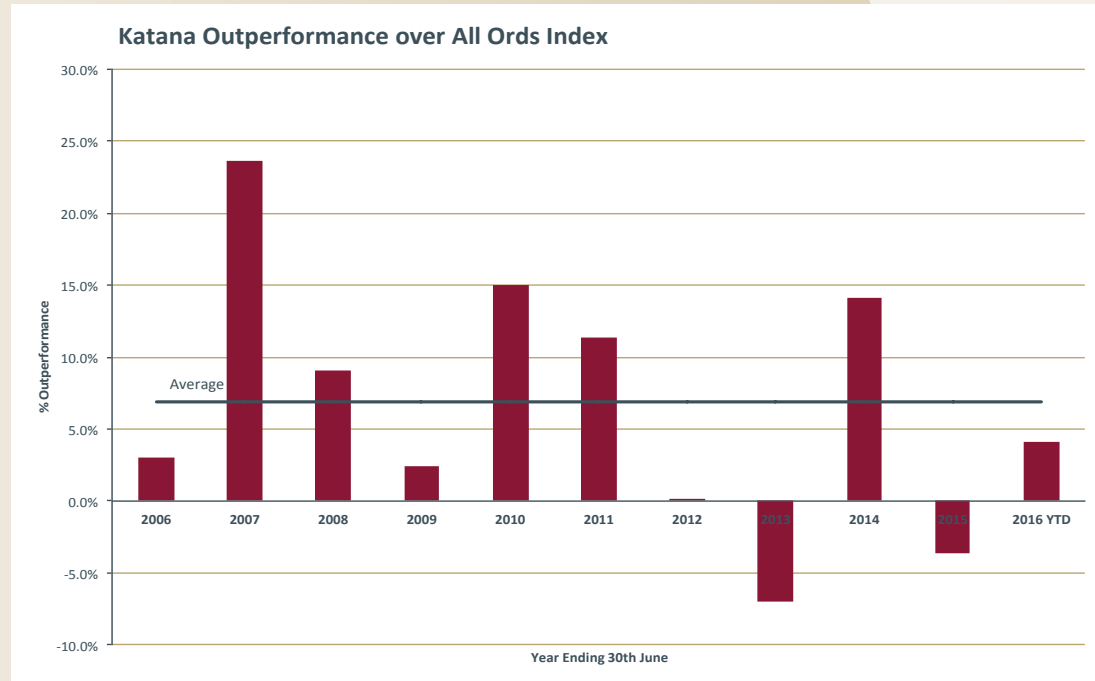
- 1 Past performance is not necessarily indicative of future performance
- 2 All investment returns quoted above are pre-tax and pre-fees and calculated on an annualized basis

Source: Katana Capital Ltd ASX Releases 8

# Performance History

## Significant (Gross) Out-Performance

- Since listing in December 2005:
- Out-performed market by [8.39%] pa
- Out-performed benchmark in 8 out of 10 years.
- Out-performed All Ords Index by [67%] since listing



**Note:**

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- 2 All investment returns quoted above are pre-tax and pre-fees and calculated on an annualized basis

Source: Katana Capital Ltd ASX Releases

# Dividends

## Dividend History

- Paid dividends every year since listing
- Four quarterly dividends of 1.5cps = 6 cents in FY15 (average 50% franked)
- Quarterly dividends provide regular cash flow to yield conscious investors
- Dividend Reinvestment Plan - company purchases shares on market so no dilution

## Future Dividends

- [Committed to paying a MINIMUM of 1.5c per quarter during FY16].
- Equates to 7.8% plus franking credits (share price 77c as at 18 November 2015)

## Macro Environment

- Low global growth and lower than normal interest rates
- US economy improving with interest rate rise end 2015 or early 2016
- Low growth in Europe and Japan with negative interest rates and quantitative easing remaining in 2016
- China growth slowing and moving towards a service economy
- Australia rebalancing growth away from mining towards services (health, education, tourism, etc)

## • Strategies

- Focus on quality growth and high sustainable dividend paying companies
- Maintain exposure to companies with operations overseas as low Australian growth
- Maintain exposure to growth themes (ageing population, services, Asia growth)
- Buy well as markets likely to remain volatile for some while yet

# Thank You

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