

Quarterly Investment Update

Investment Update:

During the quarter ended 30 June 2016, the Katana Australian Equities Fund (KAEF) delivered a return of 1.18%, which compared to the benchmark ASX S&P All Ordinaries Index of 3.08%. The Fund's performance was partly constrained as it continued to hold high levels of cash due to high stock valuations; and an environment of weak domestic and global growth. The Manager considered this course of action to be prudent and is waiting for value to re-emerge in the market when it intends to deploy more of cash. KAEF's selected gold over-weight exposures contributed positively during the quarter with strong, double-digit returns from Regis Resources, Independence Group and Evolution Mining. In Energy, the Fund's Santos holding delivered a solid result. In industrials, performances from CSG in Information Technology and MNF in Telecommunication Services significantly out-performed the index. Other positive contributors included Pacific Smiles, a dental operator and BWX, which produces and distributes a range of beauty and natural health products under the Sukin brand. The main detractors were Brexit affected stocks, which included fund managers, Henderson and BT; as well as holdings in Global Construction Services, and Yellow Brick Road. The quarter was again characterized by high levels of volatility, with the index initially declining, before going on a tear during the remainder of April and May; and despite the 'sell in May and go away' tag. The index then made a series of lower lows and lower highs through June, before a final push forward to 5,310.4 points at the end of the quarter. The biggest index sector gainers were Materials, IT and Energy; with Financials and Industrial stocks underperforming. Key macro events during the quarter included the Brexit referendum and the US keeping interest rates on hold.

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For further information on the Katana investment philosophy and approach, please refer to our Profile and Investment Approach on Page 2 of this document or visit our website at:

www.katanaasset.com

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Information: More About Katana Asset Management

Katana Asset Management provides Experienced & Disciplined Asset Management with a focus on capital preservation, exclusively investing in Australian Equities

Our aim is to provide investors with access to investment techniques aimed generating the best risk adjusted returns while aiming to preserve capital.

Our investment philosophy – The Katana fund is an “all opportunity / broad-cap” fund. The underlying goal of the Manager is to assess every potential opportunity to generate the best risk adjusted return possible within an over-arching framework of capital preservation.

The fund is focused on combining the best principles of value investing, growth investing, fundamental, technical analysis and market observation. Our aim is to be “style agnostic” and not constrained by the constructs of any one approach. The Fund has features of being benchmark unaware and is able to move to high levels of cash as a defensive stance. These factors allow us to have a component of variable-beta and perform across a range of market conditions.

We aim to out-perform the All Ordinaries Accumulation Index by encouraging flexibility and adaptability, but within the confines of an overall framework that controls risk.