

Quarterly Investment Update

Investment Update:

Katana Performance - Quarter Ended 30 September 2016 During the quarter ended 30 September 2016, the Katana Australian Equities Fund (KAEF) delivered a return of 5.35%, which outperformed the benchmark ASX S&P All Ordinaries Index return of 4.04%. This was despite the Fund continuing to hold high levels of cash due to high stock valuations; weak global growth; and an impending interest rate hike in the US, which the Manager believes could negatively affect the market. The Manager is patiently waiting for value to re-emerge, at which point it intends to deploy more of the Fund's cash. Positive contributors to KAEF's outperformance during the quarter included select resource stocks South32, Mineral Resources and Sandfire, which each delivered strong double-digit returns. The Fund's larger Financial sector holdings, in particular, ANZ and Challenger also delivered strong upward share price moves. KAEF initiated with a position in National Veterinary Care during the quarter, which delivered a return in excess of 20%. These positive performances were partly offset by smaller capitalized gold stocks such as Troy and Ramelius Resources. The stock market remained volatile during the quarter with a strong uplift in July, which was followed by a drop back almost exactly to its starting point by mid-September. It then reversed direction and increased over the remainder of September. Financial and Materials stocks were the strongest performers with Consumer Discretionary and Real Estate underperforming. The key macro event during the quarter was the 25 basis point rate cut to 1.5% by the Reserve Bank of Australia in August. The US again kept 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.