

**26.8%** Katana Capital's gross return for the 2014 financial year

NEWS

# Year of two halves for investment players

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WESTERN Australia's listed money managers had a strong 12 months to June 2014, but face a challenge to repeat that performance in 2015.

The state's two biggest listed investment companies are subsidiaries of local brokerage Euroz – Westoz Investment Company and Ozgrowth.

Both are chaired by long-serving Euroz executive director Jay Hughes, with Philip Rees as executive director.

Between the two vehicles, assets totalled more than \$250 million at the conclusion of the past financial year.

For the 2014 financial year, Westoz earned a gross return of 21.2 per cent, while Ozgrowth, which had lower cash holdings, was slightly higher at 24.1 per cent.

Performance to December paints a different picture, however,

with Westoz's half-yearly report showing a net loss of \$21.8 million and Ozgrowth \$23.5 million, as the All Ordinaries endured a choppy six months.

East coast-based money manager Wilson Asset Management sold about \$1.5 million of shares in Westoz from July to January.

Another local player, Katana Capital, also endured a challenging period, suffering a negative return in September but finished the year strongly overall.

The fund ranked second of 94 in financial consultant Mercer's analysis of Australian equity funds, after finishing first for 2013-14, with a gross return of 26.8 per cent.

Founded in 2006 by Bell Potter Securities brokers Brad Shallard and Romano Sala Tenna, Katana is chaired by former West Coast Eagles chairman Dalton Gooding.

Mr Sala Tenna said being a smaller fund manager gave Katana a strategic advantage

## WA LICs by size

Company	Assets (June 30 2014)	Share price (at time of writing)	Net tangible assets per share (Dec 31)
Westoz Investment Company	\$176.5m	\$1.01	\$1.08
OzGrowth	\$86.2m	\$0.17	\$0.19
Katana Capital	\$36.3m	\$0.93	\$0.93
Bentley Capital	\$22m	\$0.15	\$0.22

**CUTTING THROUGH:** Romano Sala Tenna says Katana Capital's management team has a diverse range of experience. **Photo: Attila Csaszar**

**“When you're under \$500 million there's a lot more opportunities in the Australian landscape**

– Romano Sala Tenna

compared with larger money managers.

“When you're under \$500 million there's a lot more opportunities in the Australian landscape,” he

said, adding the fund manager had a wider mandate as to where it could invest.

“Because we're 'benchmark unaware', we can take active positions that deviate from the index.”

Katana also benefited from a diverse portfolio management team and a robust decision-making process, with a variety of educational, geographic and career backgrounds among its managers, he said.

Smaller fund Bentley Capital focused on strategic, activist, cornerstone stakes in small cap companies, with major positions in Molopo Energy, Chorus and Marathon Resources.

Bentley executive chairman

Farooq Khan also leads Orion Equities and Queste Communications, while Advanced Share Registry chairman Simon Cato recently joined as a non-executive director.

Roxburgh Securities senior investment adviser Steve Blizzard said consistent performance in the long term in addition to short-term performance was important for judging the success of a listed investment company, while comparing net tangible assets to share prices would give guidance about which funds were trading at a discount.

“This is a game where you can't just keep resting on your laurels,” he said.

