

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
Post PO Box Z5364
St Georges Terrace
PERTH WA 6831



KATANA
ASSET MANAGEMENT LTD

www.katanaasset.com



KATANA ASSET MANAGEMENT LTD ACN 106 327 495 AFSL 288 412
Level 9, 1 William Street, Perth WA 6000

Copyright © 2019 Katana Asset Management Ltd. All rights reserved.

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 September 2019

The Katana Australian Equities Fund (KAEF) returned 4.52% for the September quarter outperforming the ASX All Ordinaries Accumulation Index by 1.70%. The portfolio's outperformance was driven by tactical overweight positions in the Gold and Healthcare sectors which provided superior risk adjusted returns as volatility persisted throughout the quarter. Moving forward, the manager remains positively predisposed to these sectors given the challenging macro backdrop and stretched valuations in other pockets of the market.

Fund Performance (Net of fees)	1 MONTH	3 MONTHS	6 MONTHS	1 YEAR PA	3 YEARS PA	5 YEARS PA	INCEPTION PA
KAEF	1.09%	4.52%	6.42%	1.66%	8.55%	7.29%	8.73%
ASX All Ords Accumulation Index	2.13%	2.82%	10.87%	12.08%	11.73%	9.69%	7.18%
Outperformance	-1.04%	1.70%	-4.45%	-10.42%	-3.24%	-2.40%	1.55%

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

Top 10 Investments:

Mineral Resources Ltd	4.38%
Seven Group Holdings Ltd	3.07%
CSL Ltd	2.94%
CYBG PLC	2.71%
Woodside Petroleum Ltd	2.50%
Pioneer Credit Ltd	2.48%
South32 Ltd	2.36%
Evolution Mining Ltd	2.28%
WorleyParsons Ltd	1.97%
Ramsay Health Care Ltd	1.96%
Top 10 Equity Investments	26.65%
Remaining Equities	47.22%
Cash and Equivalents	26.13%
Total	100.00%

Portfolio Review

The ASX S&P All Ordinaries Accumulation Index rallied in the September quarter, with Defensive sectors faring relatively better than Cyclical. The worst performing sectors were Energy, Communication Services, IT and Consumer Discretionary.

Top 10 Holdings Commentary

Stocks that delivered the largest contributions to the Fund during the quarter were CSL, Ingenia Group, Resmed and Pointsbet along with a basket of gold stocks including Northern Star, Evolution, Resolute and Ramelius. The main detractors were CYBD Plc, Worley and Mineral Resources, which was sold off on the back of softer lithium prices.

During the quarter, the Fund trimmed its holdings in Rio Tinto and exited the Mincor and Oz Mineral positions. After a ~10% pull back in the quarter the fund started to accumulate a new position in Ramsay Health Care. Ramsay is trading at a slight discount to its long term average at a time when EPS growth appears to be recovering versus a sector and market that is slightly expensive. These portfolio changes resulted in the cash balance decreasing to ~26% as at 30 September 2019.

Macro and Outlook

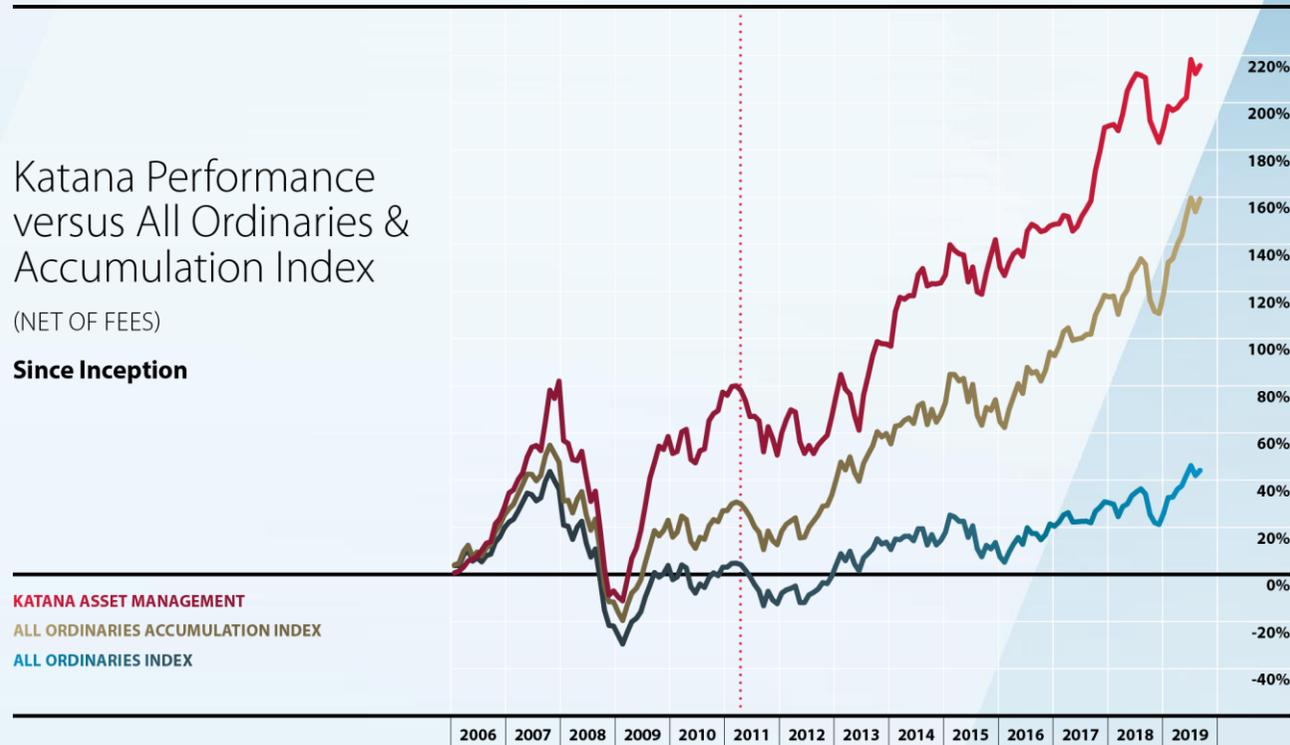
The September quarter was characterised by a strong July with volatility increasing towards the end of the quarter due to ongoing trade war concerns, slowing economic data and the bond market reversing direction from the beginning of the year. The US/China trade war escalation is now starting to show up in economic data which is impacting company earnings and hence equity markets. The Australian economy is slowing resulting in the RBA cutting interest rates by another 25 basis points. With stubbornly anemic wage growth and unemployment data static, the RBA is attempting to spur on inflation. This low inflation, low interest rate environment is tormenting investors chasing yield yet harbouring genuine concerns that company profits maybe deteriorating and hence yields could be under pressure.

Since Jan 2006, the Katana fund has returned **215.9%** vs **44.4%** for the All Ordinaries Index and **159.5%** for the Accumulation Index.

Katana Performance versus All Ordinaries & Accumulation Index

(NET OF FEES)

Since Inception



1 Inception date Katana Capital January 2006. Returns quoted net of fees pre-tax. From 1st July 2011 performance data Katana Australian Equity Fund Vehicle.

2 Past performance is not necessarily indicative of future performance.

Source: Katana Asset Management Ltd; IRESS

Katana Australian Equity Fund

MANAGED FUND



KATANA
ASSET MANAGEMENT LTD

www.katanaasset.com



KATANA ASSET MANAGEMENT LTD ACN 106 327 495 AFSL 288 412
Level 9, 1 William Street, Perth WA 6000

Copyright © 2019 Katana Asset Management Ltd. All rights reserved.

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.