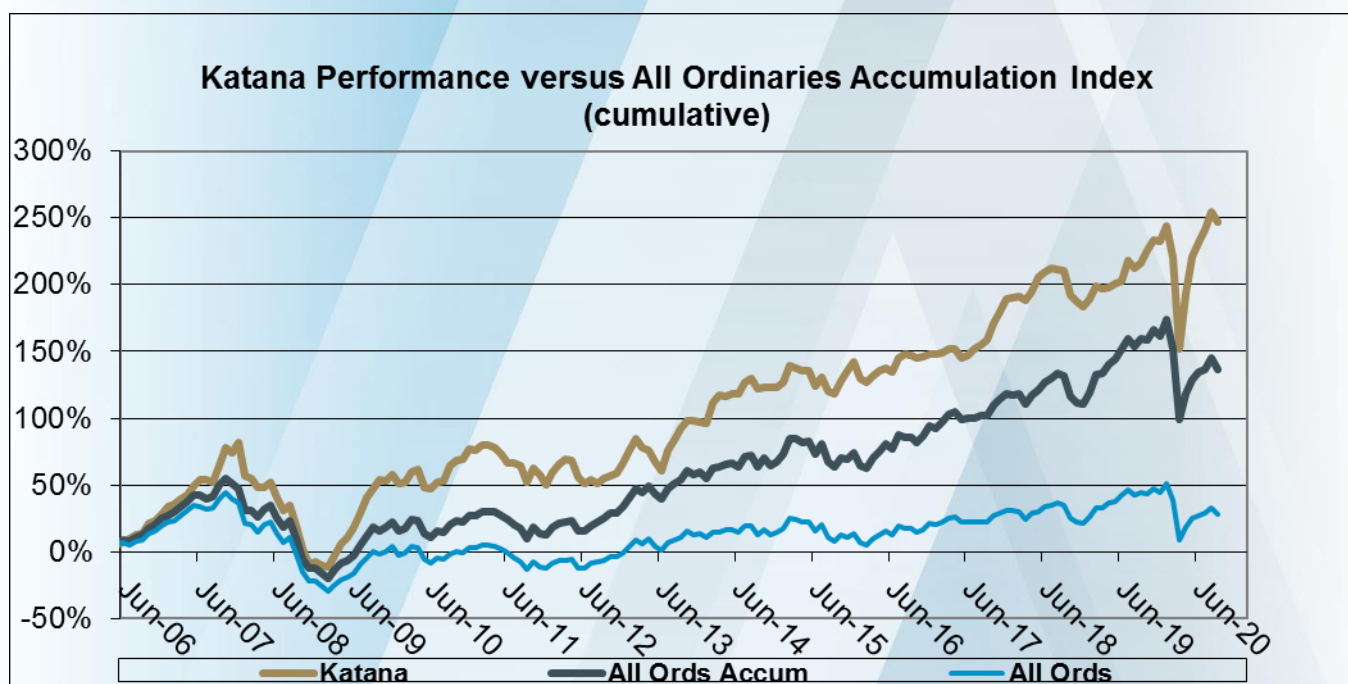


Katana Australian Equity Fund



People. Process. Passion. Performance

Performance at 30 September 2020	1 Month	6 Months	1 Year	3 Years	5 Years	Since Inception
Katana Investment Portfolio	-2.19%	37.61%	9.90%	10.35%	9.69%	8.81%
ASX All Ordinaries Accumulation Index	-3.43 %	19.05%	-8.76%	5.46%	7.73%	6.02%
Outperformance	1.24%	18.56%	18.66%	4.90%	1.96%	2.79%



Source: Katana Asset Management, strategy inception was December 2005. Fund net returns are post fees, pre tax using redemption prices and assume reinvestment of distributions. Dated 30/09/2020. Past performance is not an indicator of future performance

Key contributors:

1. **Coronado Coal** we've been tracking CRN since the IPO at \$4; capital raise at 60c not perfect entry point for new investors.
2. **Boral Ltd** quality, irreplaceable long life assets; patience being rewarded.
3. **Bell Financial Group** winning the broker war plus impressive tech leading to rapid growth.

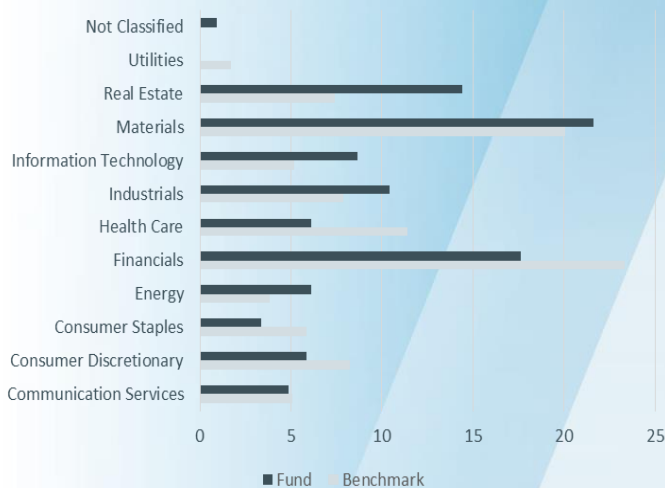
Key detractors:

1. **Mineral Resources** profit-taking and concerns over iron ore price; however MIN is pregnant with key catalysts, so we will stay the course.
2. **Unibail-Roadamco-Westfield** a case study in how not to manage a capital raise.
3. **Virgin UK** perfect storm with Brexit and accelerating covid19; hold and watch.

Top 10 Holdings

Company	Weight
Mineral Resources Ltd	4.54%
Scentre Group Ltd	3.09%
Coca-Cola Amatil Ltd	2.74%
Regis Resources Ltd	2.71%
Ingenia Communities Group	2.56%
Wesfarmers Ltd	2.49%
Nextdc Ltd	2.41%
Commonwealth Bank of Australia	2.14%
AMA Group Ltd	2.14%
Gold Group Resources Ltd	2.04%

Sector Exposure vs All Ords



Market Commentary

The energy sector led the decline for the month, with a fall of -11.6%, followed by Consumer Staples (-7.2%), Information Technology (-6.9%) and Financials (-6.2%). Only the healthcare sector finished in the black for the month (+0.4%).

The market oscillated between the recovery trade and US concerns— especially negotiations around the next tranche of stimulus and the increasingly dysfunctional presidential election. In the end the latter won out convincingly. However, moving forward we see this as more ‘noise’. As we wrote in our best-trending piece late in the month, when the

dust settles on the US shenanigans and covid-19, investors will be left with little choice but to move up the risk curve. The long migration from cash and bonds across the *yield Serengeti* has just begun (<https://katanaasset.com/cut-down-the-noise-the-sole-reason-equity-markets-are-going-higher>).

Over the past 15 years, the fund has out-performed in down months **70%** of the time. This is a testimony to the lower risk attributes of the portfolio. During September, KAEF once again strongly out-performed the Accumulation index by 1.24%, net of all fees. As investors become increasingly focussed on drawdown risk, KAEF offers a unique blend of out-performance over all timeframes with lower volatility and drawdowns.

KAEF entered September with a high cash weighting. Over the course of the month this was progressively invested. At month end, KAEF is positioned for a DOMESTIC recovery. However as always we remain ready to pivot rapidly should the coming data points not line up with our expectations.

Fund Objective

To maximise risk adjusted returns to investors. The Fund is an All Opportunities benchmark unaware long only Australian Equity portfolio.

Key Facts

APIR Code	KTA0002AU
Responsible Entity:	Katana Asset Management Ltd
Minimum Application	\$25,000
Asset Allocation	Australian equities: 70-85%; Cash 15-30%
Performance fee	10%(plus GST) of the Fund's out performance with a high-water mark.

The information contained in this email is of a general nature only. It does not take into consideration your specific needs or circumstances.

You should seek appropriate advice to determine personal suitability before investing.

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For questions or to talk to a product specialist please contact Zaffar Subedar on 0438 853 073.

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