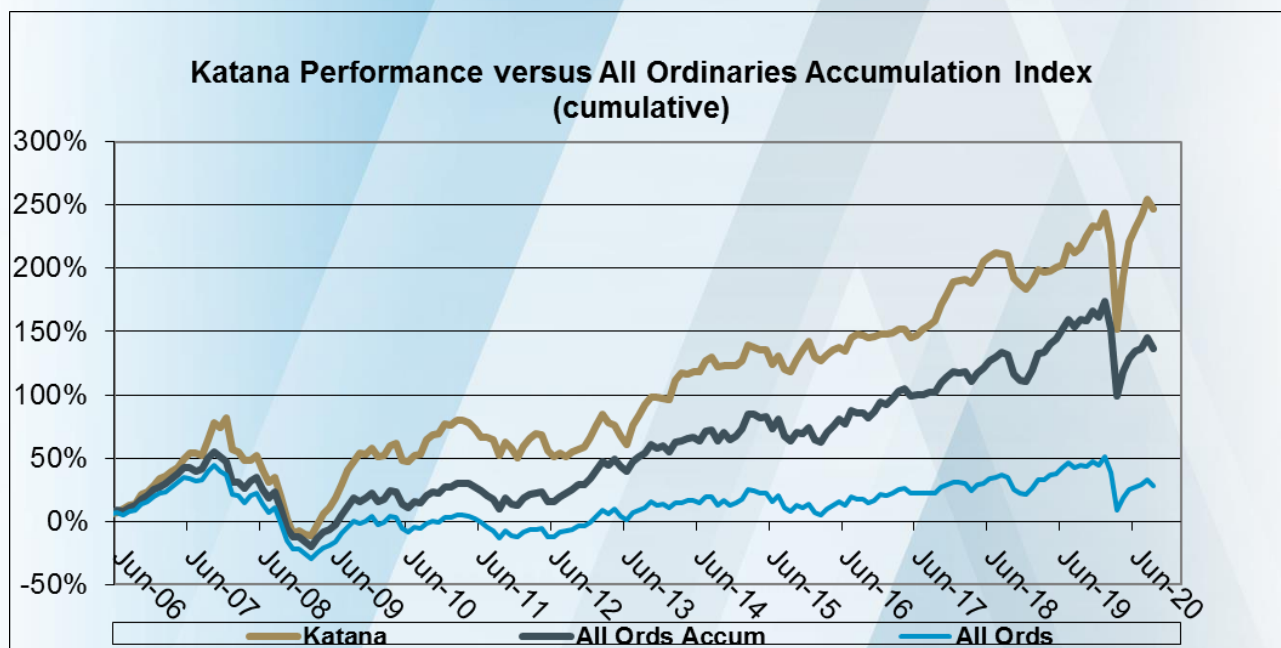


Katana Australian Equity Fund



People. Process. Passion. Performance

Performance at 31 October 2020	1 Month	6 Months	1 Year	3 Years	5 Years	Since Inception
Katana Investment Portfolio	1.87%	20.60%	8.71%	9.23%	9.19%	8.89%
ASX All Ordinaries Accumulation Index	2.08%	10.94%	-6.51%	4.78%	7.21%	6.13%
Outperformance	-0.22%	9.66%	15.22%	4.44%	1.98%	2.76%



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 31/10/2020. Past performance is not an indicator of future performance

Key contributors:

- Coca-Cola Amatil** was one of 3 stocks in the portfolio to benefit from corporate action; in this case from Coca-Cola European Partners.
- AMA Group** recovered strongly after being oversold on the impact of Covid-19 & b/sheet.
- Janus Henderson Group** similarly benefitted from corporate action with Trian FM in the US building a 10% stake.

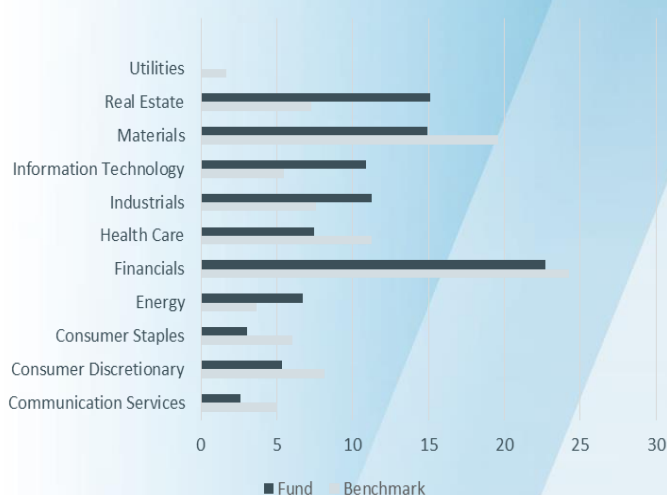
Key detractors:

- Regis Resources** despite a near record \$A gold price, the sector is languishing with Regis amongst the worst on the back of a soft quarterly.
- Coronado Global Resources** gave up some of its gains after a strong run in September.
- Uniti Group** was caught in a difficult situation as industry funds fought for control of Opticomm.

Top 10 Holdings

Company	Weight
Mineral Resources Ltd	4.42%
Commonwealth Bank of Australia	3.20%
Scentre Group Ltd	2.86%
Lendlease Corp Ltd	2.78%
Santos Ltd	2.58%
Ingenia Communities Group	2.51%
Wesfarmers Ltd	2.51%
Nextdc Ltd	2.43%
AMA Group Ltd	2.39%
Regis Resources Ltd	2.18%

Sector Exposure vs All Ords



Market Commentary

Volatility returned in October, with the index fluctuating between a loss of -0.43% and a large gain of 7.12%, before settling up 2.08%. As the narrative repeatedly changed, the investment team were forced into being more active than in past months, to ensure that the portfolio adjusted to the rapidly changing outlook.

Of course, whilst we are constantly *'trimming the sails'* in the short term, it's important that we are clear about whether the markets are facing a *tail wind* or *head wind* over the medium term. On this front, if you haven't already read last month's piece

on the *'Yield Serengeti'*, then we encourage you to do so (<https://katanaasset.com/cut-down-the-noise-the-sole-reason-equity-markets-are-going-higher>).

The best performing sectors were an unusual mix, with Technology and Financials up 8.96% and 6.3% respectively. However, Consumer Staples – which normally reflects a defensive mindset – was the 3rd best performing sector with a gain of 4.75%. This paradoxical performance made it more challenging than usual to out-perform the benchmark as whichever way the portfolio was positioned (ie risk on or risk off) was partly wrong!

KAEF has started November strongly, and should be modestly assisted by a steady pipeline of IPO's and new issues. We believe that once the fog surrounding the US election clears, investors will embrace riskier assets, which should provide a solid push into year end.

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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