

Katana Australian Equity Fund



People. Process. Passion. Performance

Performance at 31 December 2020	1 Month	6 Months	1 Year	3 Years	5 Years	Since Inception
Katana Investment Portfolio	1.96%	21.99%	21.71%	11.79%	10.84%	9.76%
ASX All Ordinaries Accumulation Index	1.75%	15.69%	3.64%	7.44%	9.26%	6.87%
Outperformance	0.20%	6.30%	18.07%	4.35%	1.57%	2.90%

Katana Performance versus All Ordinaries Accumulation Index (cumulative)



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 31/12/2020. Past performance is not an indicator of future performance

Key contributors:

1. **Mineral Resources** top performer 2 months running, benefitting from an ongoing rally in the iron ore price
2. **Bell Financial Group** continuing to win the broker war in a record IPO market, boosting revenue to an anticipated record
3. **Janus Henderson Group** buoyed by strong capital markets and growth in FUM

Key detractors:

1. **Tyro Payments** profit-taking and sold in the recent rotation to value, however weekly updates continue to show strong activity
2. **AMP Limited** pull-back from a strong gain in November; strong hold with prospect of imminent M&A activity
3. **Lendlease** recent volatility with CFO resignation and Jordan Springs East Project; however growth pipeline remains strong.

Top 10 Holdings

Company	Weight
Mineral Resources Ltd	3.33%
Commonwealth Bank of Australia	3.10%
Bell Financial Group Ltd	2.69%
Lendlease Corp Ltd	2.50%
Wesfarmers Ltd	2.24%
Ingenia Communities Group	2.19%
Tyro Payments Ltd	2.03%
Australia and NZ Banking Group	2.02%
Unity Group Ltd	2.00%
Sonic Healthcare Ltd	2.00%

Only 4 sectors recorded positive gains during the month, with *Technology* (+9.4%) and *Materials* (+8.8%) accounting for the bulk of the advances; the latter being driven by a record iron ore price and strength across the entire base metals complex. On the flipside *Utilities* (-6.8%) was the worst performing sector followed by *Healthcare* (-4.9%), which suffered from profit-taking and the strengthening AUD.

In the short term the market is generating conflicting technical signals. A significant number of stocks continue to reside in 'overbought' territory, yet at the same time the price action remains confirmatory. This adds to the current complexity and risk, and requires heightened vigilance.

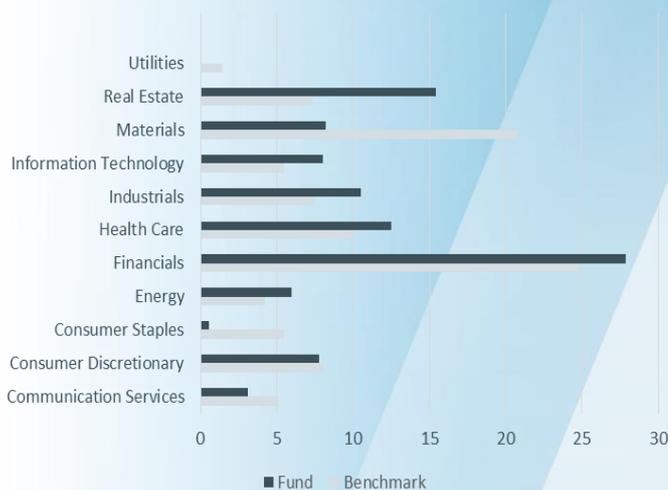
Over the medium term, we continue to see the market being 'forced' higher by the twin drivers of *Liquidity* and *Necessity*, which we covered recently. You can view the article by clicking or copying the link below:

<https://katanaasset.com/liquidity-and-necessity/>.

Fund Objective

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

Sector Exposure vs All Ords



Market Commentary

After the extraordinary rise in November of 10.16%, the index was able to consolidate in December to post a more modest but nonetheless respectable increase of 1.75%. Pleasingly, the Katana Australian Equity (KAEF) fund was able to increase by 1.96% net of all fees. Over the December quarter, KAEF returned 16.5% net of all fees versus 14.4% for the Accumulation Index. The quarter consolidated a particularly strong calendar year, during which KAEF returned **21.7%** net of all fees versus a meagre 3.64% for the index. This placed the fund in the top 5 once more, in the Morningstar Australian equity universe.

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.

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

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