

# Katana Australian Equity Fund



*People. Process. Passion. Performance*

Performance at 31 January 2021	1 Month	6 Months	1 Year	3 Years	5 Years	Since Inception
Katana Investment Portfolio	-0.08%	18.46%	17.53%	11.66%	11.93%	9.70%
ASX All Ordinaries Accumulation Index	0.30%	14.95%	-0.71%	7.67%	10.55%	6.85%
<b>Outperformance</b>	<b>-0.38 %</b>	<b>3.51%</b>	<b>18.23%</b>	<b>3.99%</b>	<b>1.38%</b>	<b>2.85%</b>

**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 31/01/2021. Past performance is not an indicator of future performance

#### Key contributors:

1. **Mach7** issued a strong business update for 2Q21 delivering record cash receipts and new contract wins
2. **Chimeric Therapeutics** benefited from strong investor interest on its initial listing on the ASX on 18th of Jan
3. **Kina Securities** acquired Westpac's Pacific operations which more than doubled their existing operations

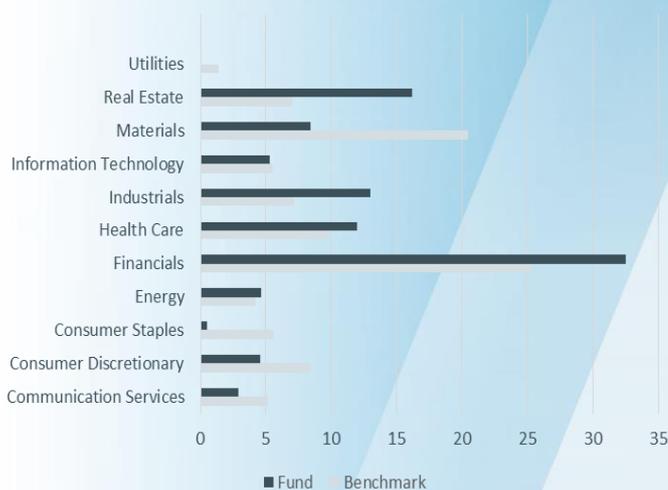
#### Key detractors:

1. **Tyro Payments** outage of their payment terminal saw the stock sold down heavily, this position has now been closed
2. **AMA Group** impacted by recent news of legal proceedings against the former CEO, underlying business still delivering strong performance
3. **Mineral Resources** retreating from a record high last month in-line with an easing Iron Ore price

### Top 10 Holdings

Company	Weight
Westpac Banking Corporation	3.25%
Commonwealth Bank of Australia	3.21%
Mineral Resources Ltd	3.09%
Wesfarmers Ltd	2.47%
Pendal Group Ltd	2.35%
Lendlease Corp Ltd	2.35%
Ingenia Communities Group	2.29%
Sonic Healthcare Ltd	2.17%
Australia and NZ Banking Group	2.15%
Charter Hall Group	2.10%

Sector Exposure vs All Ords



### Market Commentary

After trading up nearly 4% during the month, the Accumulation index closed at its lows – with a gain of just 0.30%. Whilst the overall index volatility subsided from the prior quarter, this concealed some pronounced volatility at the sector level. The energy sector for example, oscillated more than 12% intra-month, before closing up a modest 1.3%. Materials and A-REITS also exhibited heightened levels of volatility.

During January, the Reddit band of merry traders treated us to one of the more extraordinary episodes of market hysteria, when they successfully put the short squeeze on Koss Corporation, AMC, Genius Brands, Express, GameStop and a host of other

heavily shorted stocks. We have noted that over the past years, the level of scrutiny and regulation applied to financial advisers and professional investors has grown substantially, whilst the standards applied to private investors have lagged. We suspect that this may be a defining moment in the regulatory oversight that is applied to retail investors. Whilst we retain an open mind, we see limited impact or flow through for the Australian market given the reduced level of shorting.

Short term we remain cautious, with a solid cash weighting. However, we have learnt over the journey to read what is in front of us and not what we think should be in front of us. The market has every reason to correct at present, but the price action remains constructive.

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.

### Key Facts

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

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