

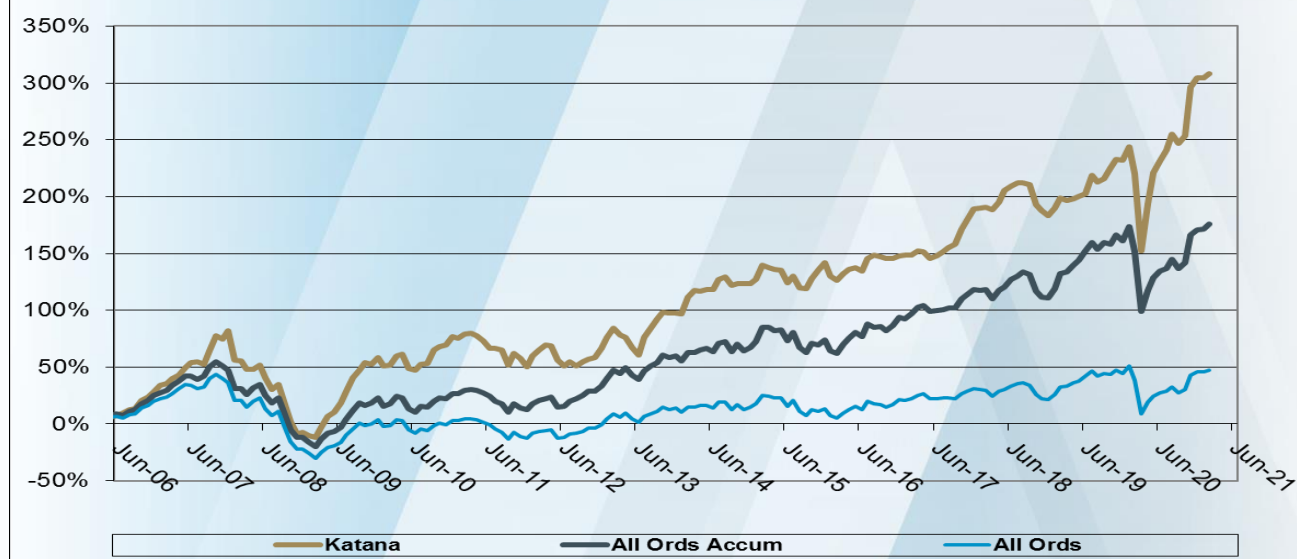
# Katana Australian Equity Fund



*People. Process. Passion. Performance*

Performance at 28 February 2021	1 Month	6 Months	1 Year	3 Years	5 Years	Since Inception
Katana Investment Portfolio	1.03%	15.04%	27.65%	11.97%	12.50%	9.72%
ASX All Ordinaries Accumulation Index	1.43%	12.42%	9.56%	8.11%	11.19%	6.91%
<b>Outperformance</b>	<b>-0.39%</b>	<b>2.62%</b>	<b>18.09%</b>	<b>3.86%</b>	<b>1.31%</b>	<b>2.81%</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 28/02/2021. Past performance is not an indicator of future performance

### Key contributors:

- Mineral Resources** rebounded with a results beat on both earnings and dividend expectations
- Westpac** provided a strong update recording a \$501m impairment benefit from a provision release
- Uniti Group** also beat expectations, outperformance driven by integration of the OptiComm acquisition and improving housing market

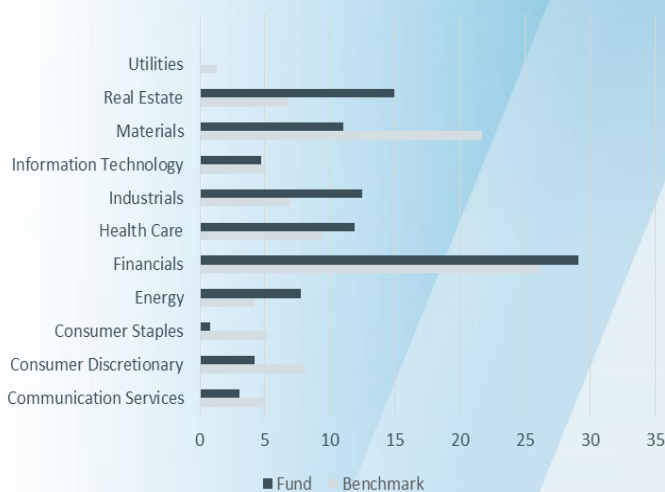
### Key detractors:

- Charter Hall Group** reported in-line and upgraded guidance, recent selling likely driven by a rising yield curve
- Unibail-Rodamco-Westfield** missed on expectations impacted by COVID restrictions across the EU
- Sonic Healthcare** selling likely fuelled by a rotation to cyclicals and value, SHL comfortably beat expectations and outlook is strong

### Top 10 Holdings

Company	Weight
Mineral Resources Ltd	3.89%
Westpac Banking Corporation	3.55%
Commonwealth Bank of Australia	3.02%
Sonic Healthcare Ltd	2.76%
CSL Ltd	2.61%
Woodside Petroleum Ltd	2.52%
Lendlease Corp Ltd	2.48%
Charter Hall Group	2.36%
Australia and NZ Banking Group	2.28%
Pendal Group Ltd	2.22%

Sector Exposure vs All Ords



### Market Commentary

The ASX traded within a tighter range throughout the month, to close up 1.43%. Sentiment was mainly positive throughout February, and the main index was on track to close up nearly 4% before a late bout of caution on the final trading day saw 2.2% wiped from the bourse.

Clearly the dominant theme was the dramatic increase in the yield on US 10-year Treasuries from 107 to 143 basis points. In percentage terms this was an almost unprecedented move, albeit accentuated by the depressed level of the opening yield. The impact of course was to drive profit-taking in long-duration, growth oriented assets. The tech sector was hardest hit, falling 9.1%. Utilities

also felt the brunt, falling 8.76%. Arguably this was more about the impact on the cost of debt and the comparative attractiveness of REIT yields, than the effect rising rates have on the discounted value of future earnings.

Despite 8 of the 11 sectors finishing in the red, the index itself was able to close in the black due to strong performances in *Materials* (+7.17%) and *Financials* (+4.45%).

Whilst it is still too early to definitively call it, the current rotation from high PER, long duration assets to value and cyclical stocks looks on the balance of probabilities to be passed the inflection point. Accordingly, we are currently in the process of positioning the portfolio for what we anticipate will be an ongoing (investor) rotation.

As an aside, we wrote a piece about the **most dangerous investment scam** we have seen. I would recommend that all advisers be aware of this scam and alert their clients, family and friends. <https://www.livewiremarkets.com/wires/an-extraordinary-scam-that-is-netting-millions>

### 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.

*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.*

Copyright © 2021 Katana Asset Management Ltd, All rights reserved. (AFSL 288412) For questions or to talk to a product specialist please contact Zaffar Subedar on 0438 853 073. Level 9, The Quadrant, 1 William Street, PERTH WA 6000 Ph: (08) 9220 9888 Email: [bdm@katanaasset.com](mailto:bdm@katanaasset.com)