

Katana Australian Equity Fund



People. Process. Passion. Performance

Performance at 31 March 2021	1 Month	6 Months	1 Year	3 Years	5 Years	Since Inception
Katana Investment Portfolio	0.49%	18.19%	62.64%	12.49%	12.07%	9.70%
ASX All Ordinaries Accumulation Index	1.84%	18.56%	41.14%	10.09%	10.57%	7.00%
Outperformance	-1.36%	-0.37%	21.50%	2.40%	1.51%	2.70%

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 31/03/2021. Past performance is not an indicator of future performance

Key contributors:

1. **Sonic Healthcare** recovered strongly after being a top detractor last month as investors took the opportunity to buy
2. **Unibail-Rodamco-Westfield** also reversed last month's heavy selling with investors buying the weakness
3. **Pendal Group** riding the tailwinds of a strong outlook for equity markets

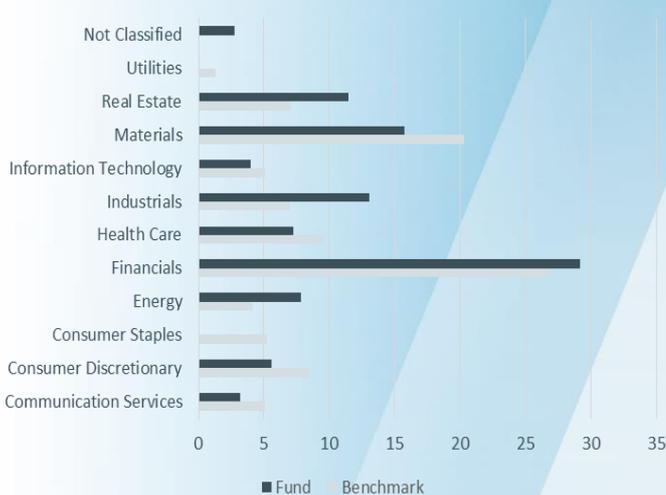
Key detractors:

1. **Kina Securities** came under selling pressure following surging COVID cases in PNG
2. **AMP** market had mixed views on the announcement to carve out and sell part of their private markets business
3. **Genmin** debut on the ASX earlier in the month and struggled to gain market interest

Top 10 Holdings

Company	Weight
Mineral Resources Ltd	3.40%
Westpac Banking Corporation	3.36%
Commonwealth Bank of Australia	3.36%
Australia and NZ Banking Group	3.23%
Wesfarmers Ltd	2.57%
CSR Ltd	2.39%
Ingenia Co	2.32%
Woodside Petroleum Ltd	2.27%
Sonic Healthcare Ltd	2.25%
Pendal Group Ltd	2.24%

Sector Exposure vs All Ords



Market Commentary

Dancing to the same beat in March, the All Ords continued trading in a tight range closing the month up 1.84%. Market sentiment remains positive with global vaccine rollouts gaining momentum, fresh signs of travel bubbles and the economic recovery remaining strong.

The rapid rise of the yield curve which dominated investor attention last month appears to have slowed for now, which saw a recovery in last month's heaviest hit sectors. Utilities +6.81% and REITs +6.48% were two of the best performers, while Technology failed to follow suit down -3.03%, Materials also struggled closing -5.03% lower.

The RBA re-confirmed low interest rates are likely to remain until at least 2024 which is positive for equity markets (see our Livewire piece "Liquidity and Necessity"). The Jobkeeper program also ceased, and although we don't see this as a big risk to the recovery we'll continue to monitor the situation.

Last month we alluded that the portfolio is being positioned for what we anticipate will be an ongoing rotation to *Value* and *Cyclical* stocks. Whilst we continue to expect these categories to out-perform, we further refined our thoughts at a seminar recently, highlighting that we are heading into an 'everything' rally. Needless to say we monitor this daily from a multitude of data points.

We are also happy to announce that we have been shortlisted for the 2021 Money Management - Fund Manager of the Year Awards which takes place later this year. This is great recognition of how hard the team has worked to deliver strong risk adjusted returns over a highly volatile period.

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.

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