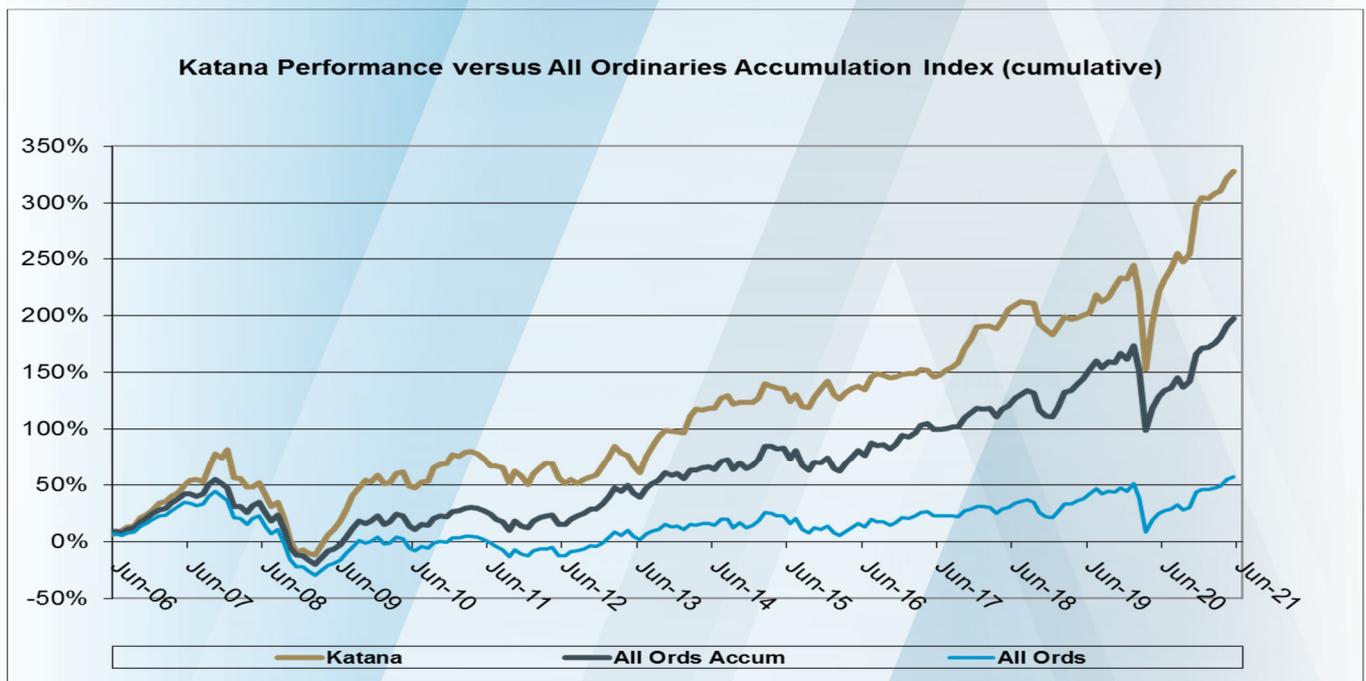


Katana Australian Equity Fund



People. Process. Passion. Performance

| Performance at 31 May 2021 | 1 Month | 6 Months | 1 Year | 3 Years | 5 Years | Since Inception |
|---------------------------------------|---------------|---------------|--------------|--------------|--------------|-----------------|
| Katana Investment Portfolio | 1.39% | 7.86% | 33.37% | 11.93% | 12.51% | 9.89% |
| ASX All Ordinaries Accumulation Index | 1.96% | 11.70% | 29.96% | 10.44% | 10.47% | 7.32% |
| Outperformance | -0.56% | -3.84% | 3.41% | 1.49% | 2.04% | 2.56% |



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 31/05/2021. Past performance is not an indicator of future performance

Key contributors:

- MLG OZ Ltd** gained strong investor interest upon listing on the ASX at the start of the month
- Aeris Resources** benefitted from a strong copper price and the announcement of positive drilling results at the Constellation deposit
- Commonwealth Bank** hit an all-time high with their March quarter results confirming strong operating momentum and loan growth

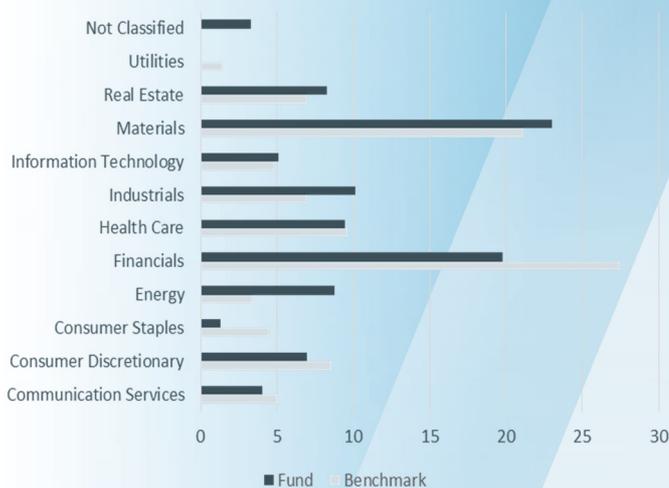
Key detractors:

- Mineral Resources** retraced from a record high earlier in the month as we saw profit taking and an easing iron ore price
- Mach7 Technologies** got caught up in the recent tech sell off but remains a quality 'health tech' play with a strong growth runway
- Seven Group Holdings** recently announced a capital raise and Share Purchase Plan which drove down the share price with dilution

Top 10 Holdings

| Company | Weight |
|------------------------------|--------|
| Mineral Resources Ltd | 4.10% |
| Westpac Banking Corporation | 2.76% |
| South32 Limited | 2.76% |
| CSR Ltd | 2.62% |
| Uniti Group Ltd | 2.61% |
| Wesfarmers Ltd | 2.41% |
| Woodside Petroleum Ltd | 2.38% |
| Worley Limited | 2.30% |
| Seven Group Holdings Limited | 2.24% |
| Sonic Healthcare Ltd | 2.12% |

Sector Exposure vs All Ords



Market Commentary

Our view that the rebound in the technology sector was not sustainable, was confirmed during the month, with the index dropping by 9.9%. Utilities also declined by 6.6% and Energy by 1.8%. We have held our nerve on the latter, and this has detracted from our performance of late. However, our view that stock prices have disconnected from energy prices is starting to gain some traction, with the sector up nearly 9% in the first 4 days of June. Financials was the leading contributor to returns with the index up 5.7% in May. (Consumer) Discretionary, Healthcare and (Consumer) Staples were also strong contributors.

Our fund has maintained a 'balanced' footing during the month. In the short term, this has meant that our cash balance has slightly detracted from our performance. **However we make no apology for our inherently conservative nature. Our ability to hold cash, avoid the use of debt and derivatives, and maintain a highly diversified portfolio and methodical process, has produced strong risk adjusted returns for nearly 15 years.**

Looking forward, it seems that the entire investment community is focussed one thing: *inflation*. During the month we were quoted in the AFR as saying that '*it's too late to question about when or if inflation will arrive – it has*'. This was based upon the US CPI reading of +0.8% for April or 4.2% for the rolling 12 months.

So the question now really turns to "*Is the current inflation transitory or structural?*" We will write more on this in the coming months, however the short answer at the current juncture is '*both*'. This has significant implications for the construction of portfolios, but Katana unit holders can rest assured that it is a progression that we have been actively positioning for throughout 2021.

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.

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