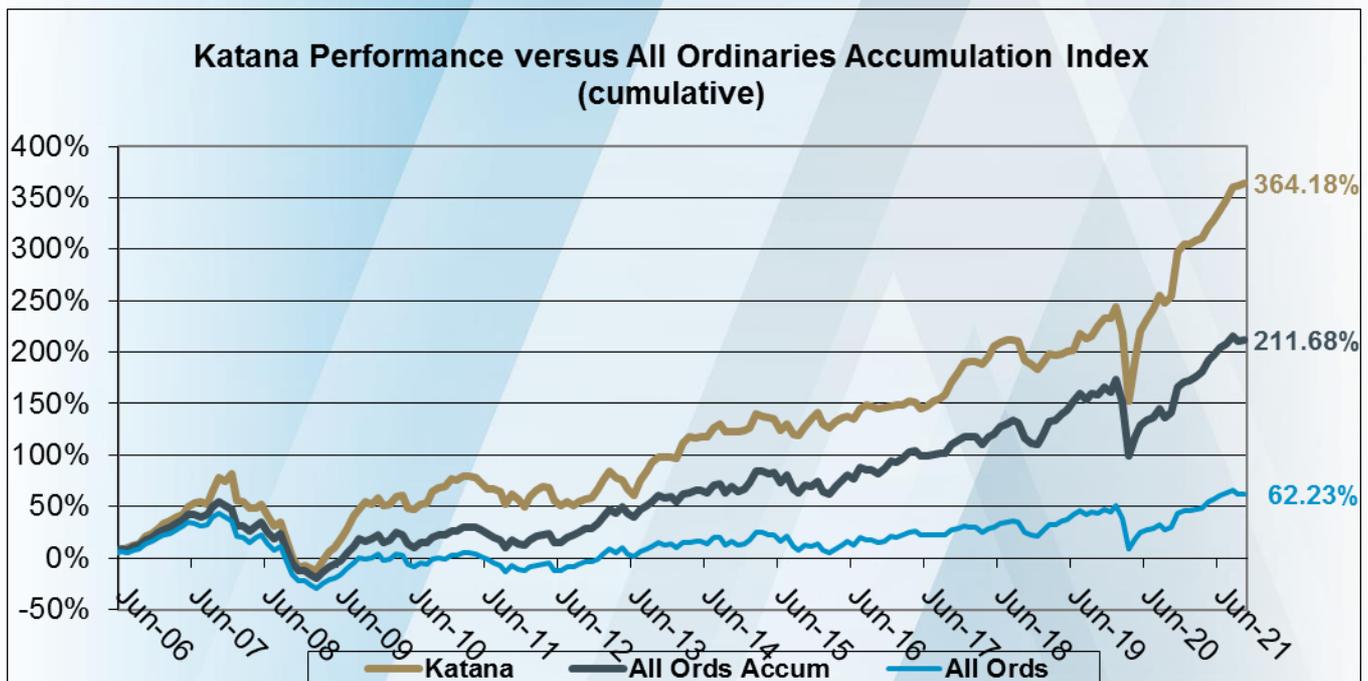


Katana Australian Equity Fund



People. Process. Passion. Performance

Performance at 31 October 2021	1 Month	6 Months	1 Year	3 Years	5 Years	Since Inception
Katana Investment Portfolio	0.56%	9.98%	31.23%	16.63%	13.60%	10.18%
ASX All Ordinaries Accumulation Index	0.15%	6.87%	28.97%	12.91%	11.37%	7.44%
Outperformance	0.41%	3.12%	2.26%	3.72%	2.23%	2.74%



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 30/06/2021. Past performance is not an indicator of future performance

Key contributors:

1. **Apollo Consolidated** gained more than 60% for the month following news of not one but two takeover offers
2. **Oz Minerals** delivered a solid third quarter, better than expected production and grades for gold resulting in a full year earnings upgrade
3. **Macquarie Group** saw strong buying leading up to their 1H results release which didn't disappoint and slightly beat guidance

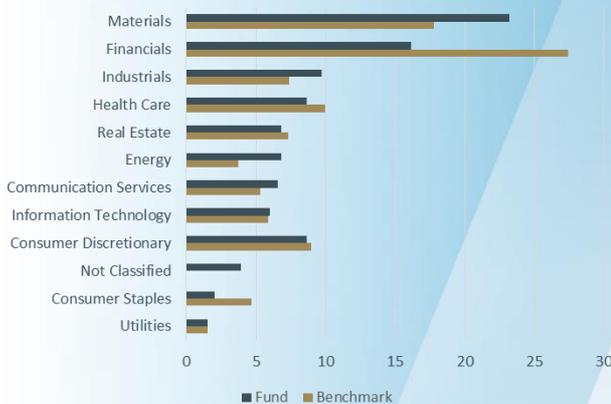
Key detractors:

1. **Mineral Resources** reported a disappointing quarter with weaker than expected price realisation and shipping volume
2. **Pendal Group** reported net outflows of FUM, of particular concern was outflows from their recent acquisition (TSW)
3. **Kina Securities** saw continued weakness from last month's announcement that their acquisition of WBC PNG didn't gain approval

Top 10 Holdings

Company	Weight
Mineral Resources Ltd	3.38%
Woodside Petroleum Ltd	3.06%
Uniti Group Ltd	2.85%
Wesfarmers Ltd	2.64%
Macquarie Group Ltd	2.60%
NextDC Limited	2.32%
Ingenia Communities Group	2.21%
CSR Ltd	2.18%
Westpac Banking Corporation	2.16%
Coronado Global Resources	2.12%

Sector Exposure vs All Ords



Market Commentary

After the earlier volatility experienced in September, October saw a return to more benign price movements. Industrials were the worst performing sector with a fall of 3.2% followed by Energy (-2.7%) and Consumer Staples (-2.3%). Technology was up by 2.1%, Healthcare 1.0% and Financials 0.8%. Financials now make up 27.5% of our index, and the modest recovery in this sector was enough to push the accumulation index into the black for the month.

The most surprising observation from our end was the strong move in Technology stocks, despite the extraordinary 283% gain in the yield on Australian 3 year bonds. Traditional thinking would suggest that rising bond yields increase the discount rate, which reduces the value of future cashflow and hence high growth stocks (whose earnings are long dated).

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 Romano Sala Tenna on (08) 9220 9888. Level 9, The Quadrant, 1 William Street, PERTH WA 6000 Ph: (08) 9220 9888 Email: bdm@katanaasset.com

However we are starting to see the emergence of a new perspective. As inflation continues to gain a foothold, investors are seeing technology companies as being more immuned, given their low input costs.

This is not necessarily true of all high growth stocks. However it does require a re-thinking in respect to high PER stocks where the operating margin is wide – ie there is strong operating leverage.

The diversification and strong focus on process, enabled the fund to once again outperform the benchmark. Most pleasingly, the fund has outperformed the Accumulation index by **2.74%** pa net of all fees since inception **16 years** ago. This is a strong performance which places the fund in the top quartile over every timeframe and in the **top 10** performing funds in Australia over **3** and **5** years:

	Total Return	+/- Cat	+/- Index	Cat Rank
3 Year	14.10%	+5.17%	+4.45%	7 / 283
5 Year	13.29%	+3.58%	+2.87%	8 / 254

Source: Morningstar

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: 70-95%; Cash 5-30%