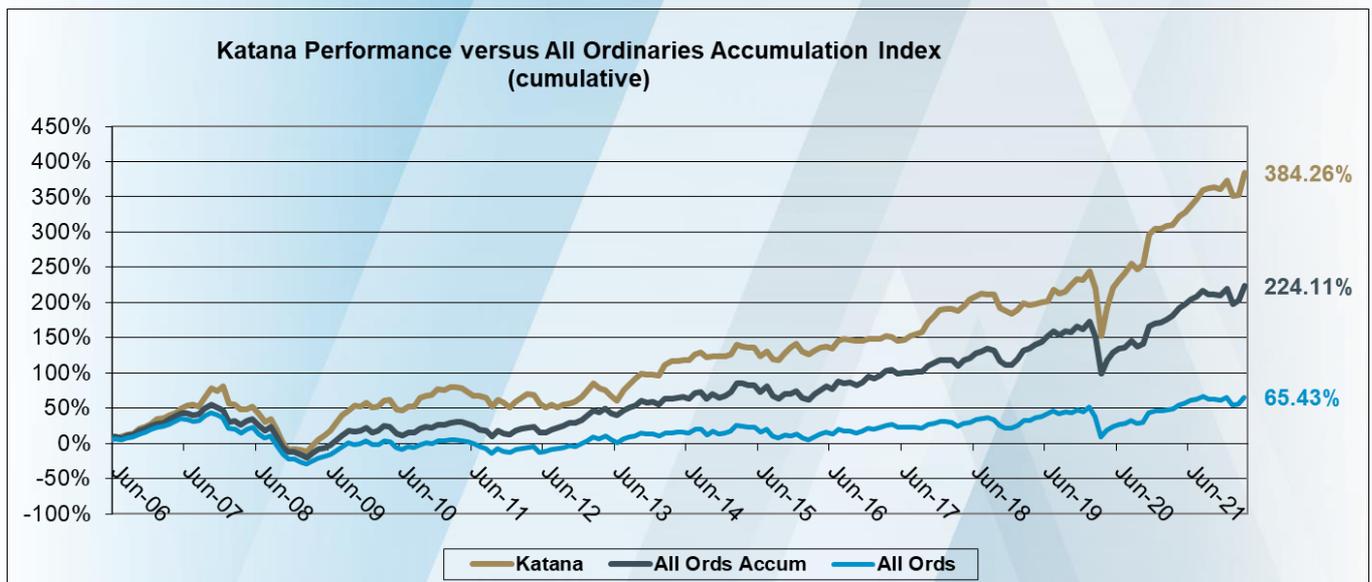


# Katana Australian Equity Fund



*People. Process. Passion. Performance*

Performance at 31 March 2022	1 Month	6 Months	1 Year	3 Years	5 Years	Since Inception
Katana Investment Portfolio	6.89%	4.91%	18.01%	17.72%	13.94%	10.19%
ASX All Ordinaries Accumulation Index	6.91%	4.14%	15.48%	11.47%	9.82%	7.50%
<b>Outperformance</b>	<b>-0.02%</b>	<b>0.77%</b>	<b>2.53%</b>	<b>6.25%</b>	<b>4.12%</b>	<b>2.69%</b>



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 31/03/2022. Past performance is not an indicator of future performance

### Key contributors:

- Uniti Group** received not one but two takeover bids valuing the company at \$5/ps representing a healthy premium to the prevailing price
- Mineral Resources** rose on the back of stronger iron ore and lithium prices; iron ore trading back above US\$160/t
- Coronado Global** rallied with coal prices; metallurgical coal up from US\$400/t at the start of the month to over US\$630/t fuelled by Russian invasion of Ukraine

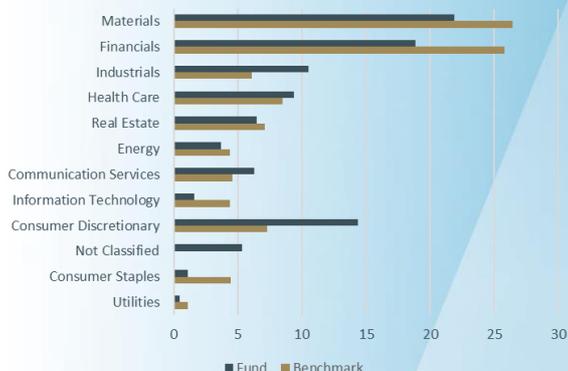
### Key detractors:

- Ardent Leisure** gave back some ground after rallying over 20% at the end of last month following a strong 1H22 result
- Seven Group Holdings** was sold on fears that floods on the east coast will impact their equipment hire segment
- Resource Development Group** share price retracing following a strong rise over the preceding 12 months

### Top 10 Holdings

Company	Weight
Mineral Resources Ltd	6.27%
Macquarie Group Ltd	3.60%
CSL Ltd	3.48%
Uniti Group Ltd	3.27%
Aristocrat Leisure Ltd	2.78%
Westpac Banking Corporation	2.75%
Seven Group Holdings Ltd	2.52%
OZ Minerals Ltd	2.31%
Wesfarmers Ltd	2.29%
Pepper Money Ltd	2.21%

Sector Exposure vs All Ords



### Market Commentary

After a slow start to March, the market rallied strongly to record the best month since the record which was set in November 2020. All sectors finished in the black, with *Technology* leading the way - up 13.24%. Whilst our fund was underweight this sector, we were over exposed to *Energy* (+9.75%) and *Materials* (+8.88%) and well positioned in *Financials* (+8.53).

The fund remained conservatively positioned throughout March and closed with 20.3% cash. Despite this high cash weighting, the team were able to match the index, which was a testimony to the quality of the holdings and the genuine alpha that these stocks generated. Whilst we remain positive on the outlook for April, we are perpetually focussed on risk. This high cash weighting will come into its own in due course. In the meantime, strong stock selection and portfolio construction has

ensured that our unitholders have been able to enjoy the benefits of a buoyant market.

As we have been writing for nearly 18 months, we see inflation as the number one issue. Interest rates need to rise – and rise quickly and frequently. Whilst the inversion in the bond markets are casting some doubt over how sustainable these rate rises will be, that really is pointing to tomorrow's problem. Today, our focus needs to be on what stocks and what sectors perform best when inflation kicks and rates rise. And of course minimise exposure to those companies that lack pricing power and/or are excessively impacted by rising input costs.

Early signs from April confirm that the fund remains well positioned, with a strong out-performance already emerging. Following on from our note in the February newsletter, it was also pleasing to see our relative standings further improve, with the fund being **ranked No 3 over both 3 AND 5 years**.

	Total Return	+/- Cat	+/- Index	Cat Rank
3 Year	18.65%	+4.93%	+5.03%	<b>3/306</b>
5 Year	13.81%	+4.53%	+4.05%	<b>3/ 271</b>

Source: Morningstar, Mar 2022

### 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%

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.

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