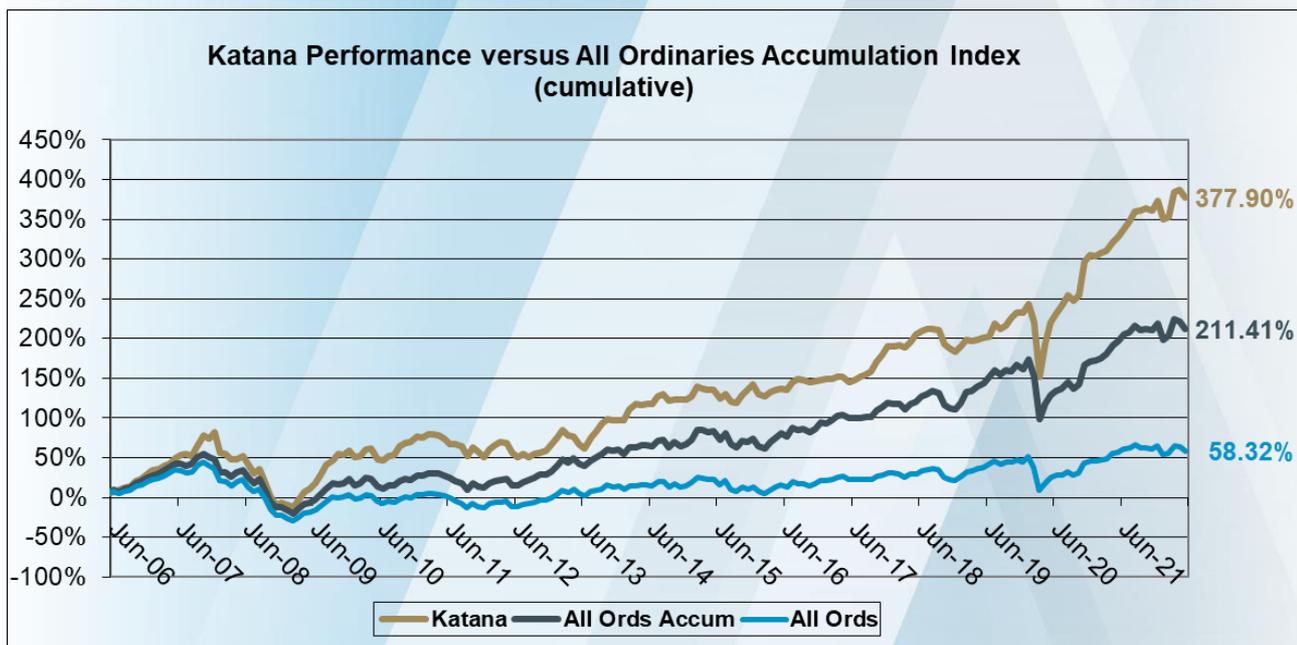


Katana Australian Equity Fund



People. Process. Passion. Performance

Performance at 31 May 2022	1 Month	1 Year	3 Years	5 Years	(Inception) 16 Years
Katana Investment Portfolio	-1.90%	11.68%	16.72%	14.25 %	10.00%
ASX All Ordinaries Accumulation Index	-3.13%	4.73%	8.48%	9.34%	7.16%
Outperformance (pa)	1.23%	6.95%	8.24%	4.91%	2.84%



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 31/05/2022. Past performance is not an indicator of future performance

Key contributors:

- Mineral Resources** is the top performer two months running with continued strength in Iron Ore and Lithium prices
- Allkem Ltd** rallied with Lithium prices which is up over 40% from the start of April and over 55% in AUD terms
- South32** delivered a bullish update benefitting from strong commodity pricing and targeting strong volume growth

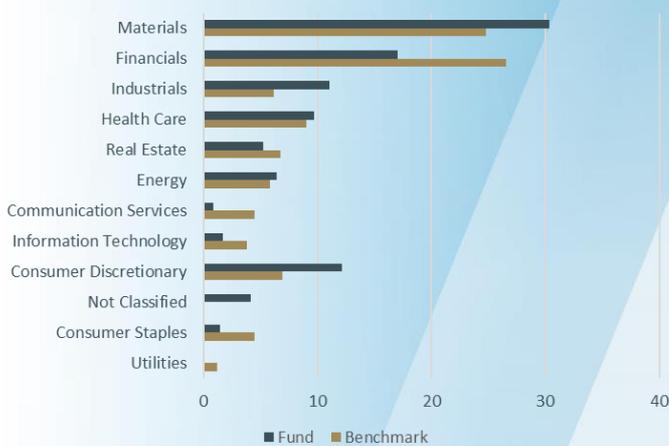
Key detractors:

- Pepper Money** released a strong update but saw selling on fears that RBA rising rates will impact lending margins
- Air New Zealand** share price was diluted with a NZ\$1.26bn capital raise
- Macquarie Group** traded Ex-Div and published strong FY22 results but indicated the result will be hard to repeat this year

Top 10 Holdings

Company	Weight
Mineral Resources Ltd	7.43%
CSL Ltd	4.60%
Aristocrat Leisure Ltd	3.22%
Macquarie Group Ltd	3.15%
Oz Minerals Ltd	2.85%
South32 Ltd	2.45%
Santos Ltd	2.43%
Sandfire Resources Ltd	2.33%
Seven Group Holdings Ltd	2.19%
Pepper Money Ltd	2.18%

Sector Exposure vs All Ords



Market Commentary

May was a particularly volatile month, with the *technology* sector swinging 16% from high to low, before eventually closing down 8.7%. Furthermore, 5 of the 11 sectors oscillated by more than 7% intra-month, with *materials* the only sector to close in positive territory and by the slimmest of margins (+0.14%).

Volatility is a part of the market. We all know this to be true. But when it occurs, the temptation can still be to run for cover! Doing the wrong thing at the wrong time will guarantee losses. Corrections are inevitable, but losses are optional. At times like this it is essential to remain focused on long term compounding. To this end, we released a new piece recently titled '*How Compounding Produces 'Obscene' Returns*' to help investors remain focussed on the long term. If you are feeling

nervous, then it may be worth taking a moment to re-visit: <https://katanaasset.com/how-compounding-produces-obscene-returns/>.

As we highlighted recently, for over 16 years KAEF has outperformed 70% of the time when the market declines. We are happy to report that in May we once again outperformed the index net of fees by 1.23%. Whilst this was still a negative figure, it should be noted that the fund has returned **+11.68%** net of fees over the past 12 months – a **significant outperformance of +6.95%**.

We are in an environment where the list of things to avoid is growing and the converse is looking rather anaemic. As we enter an inflationary setting, we shall continue to focus on *materials* (especially EV facing), *energy* and to a lesser degree *financials* and bottom-up opportunities. In the case of the first 2 sectors, they are becoming increasingly crowded trades, and hence the risks are also becoming elevated. Especially in light of current geo-political events which have accentuated some of these prices. For the time being we shall hold our nerve, but we are most definitely shuffling away from the punchbowl in the direction of the exit.

	Total Return	+/- Cat	+/- Index	Cat Rank
3 Year	17.80%	+8.36%	+8.38%	3/303
5 Year	14.12%	+5.78%	+5.31	4/ 269

Source: Morningstar, April 30th 2022

Key Facts

APIR Code	KTA0002AU
Responsible Entity:	Katana Asset Management Ltd
Minimum Application	\$25,000
Asset Allocation	Australian equities: 70-95%; Cash 5-30%

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