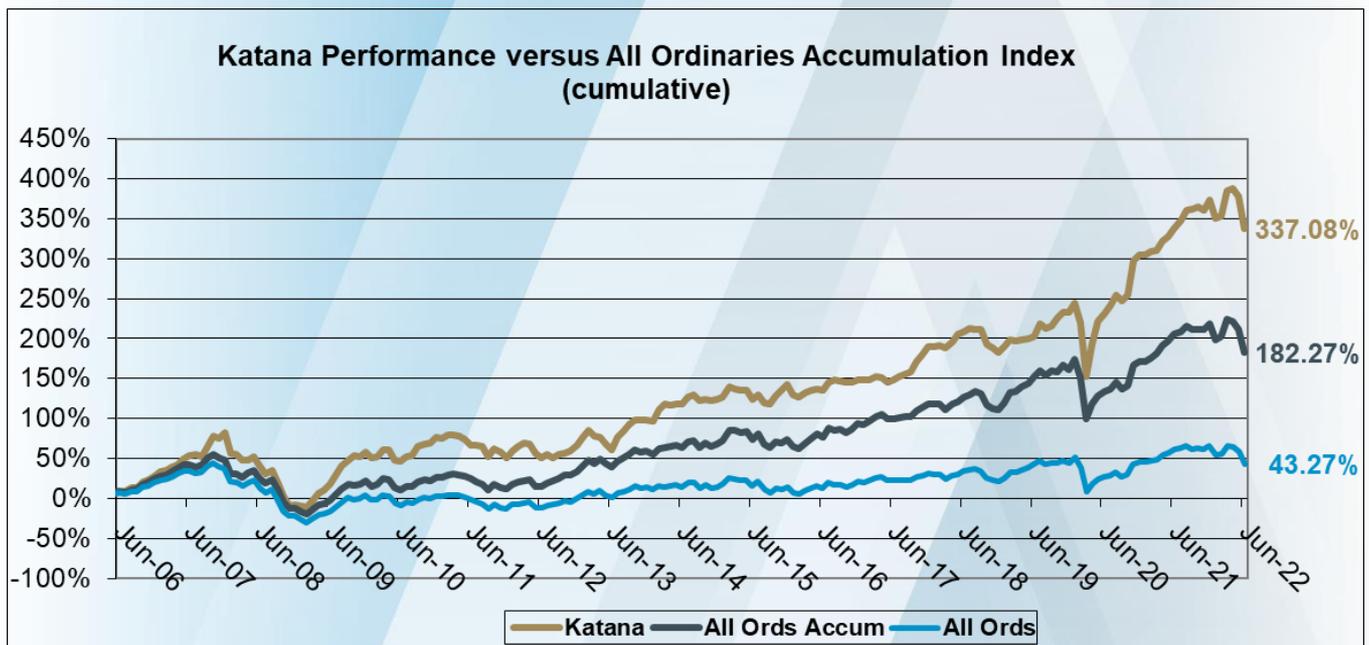


# Katana Australian Equity Fund



*People. Process. Passion. Performance*

Performance at 30 June 2022	1 Month	1 Year	3 Years	5 Years	(Inception) 16 Years
Katana Investment Portfolio	-8.54%	-0.26%	13.08%	12.04%	9.35%
ASX All Ordinaries Accumulation Index	-9.36%	-7.44%	3.81%	7.15%	6.49%
<b>Outperformance (pa)</b>	<b>0.82%</b>	<b>7.18%</b>	<b>9.27%</b>	<b>4.89%</b>	<b>2.86%</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 30/06/2022. Past performance is not an indicator of future performance

#### Key contributors:

- Norwest Energy** released a positive update on the Lockyer Deep Project
- Woodside Energy** successfully completed the merger with BHP's oil and gas portfolio and listed on both the London and New York Stock Exchanges
- Aristocrat Leisure** maintained last months positive momentum following the release of strong 1H22 results in May

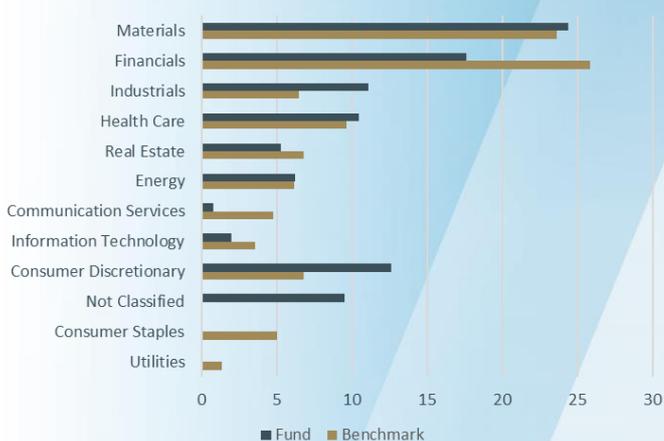
#### Key detractors:

- Mineral Resources** was weaker after numerous research houses downgraded their outlook for Lithium, Iron Ore pricing also softened
- Pepper Money** was sold on concerns a possible recession would impact lending volume and bad debts
- OZ Minerals** was sold as fears of a recession weakened the outlook for Copper and other industrial exposed commodities

### Top 10 Holdings

Company	Weight
Mineral Resources Ltd	6.08%
CSL Ltd	4.93%
State Stre Spdr S+P/ASX200 Fund	4.36%
Aristocrat Leisure Ltd	3.54%
South32 Ltd	3.12%
Macquarie Group Ltd	3.01%
APM Human Services International	2.10%
Seven Group Holdings Ltd	2.09%
Santos Ltd	2.08%
Wesfarmers Ltd	2.01%
<b>Total Top 10 Holdings</b>	<b>33.32%</b>
<b>Total Cash</b>	<b>28.20%</b>

Sector Exposure vs All Ords



### Market Commentary

June was a record-breaking month for all the wrong reasons. The S&P500 had its worst first half since 1970; the Dow Jones the worst first half since 1962 and the NASDAQ the worst first half in its entire history.

In the midst of a crash or correction, it can be easy to lose perspective. So recognising that what we have seen in June is extraordinary and almost unprecedented provides important context:

- this is not normal
- this will pass
- in the meantime minimise the drawdown and
- get ready to capitalise on the inevitable recovery.

*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) 9320 4733. 102 Forrest Street, Cottesloe WA 6011 Ph: (08) 9320 4733 Email: [bdm@katanaasset.com](mailto:bdm@katanaasset.com)*

In this respect, KAEF's minute loss was exceptional in the context of a market which declined by over 7%.

Throughout the first half of June, the fund was performing even more strongly versus its benchmark. However as the month progressed, investor focus transitioned from 'inflation' to 'recession'. Whilst this may seem a subtle change, it had a profound impact on the *Materials* sector. Historically, *Materials* and *Energy* are the top performing sectors during bouts of inflation. However these sectors perform badly where the fight against inflation tips economies into recession, as this impacts the demand for everything from copper to oil. This change in narrative saw the *Materials* sector unravel in the back half of June to lead the declines with a fall of -12.4%. This had an accentuated impact on the fund's performance, which had built sizeable positions in Mineral Resources, S32, Santos et al.

Looking ahead, this adds to the difficulty of navigating this market. Prices are being driven by an oscillating, bi-polar narrative, which one day focusses on inflation and the next on recession. Nonetheless, the fund remains well positioned with ample cash and a raft of potential outperformers when sentiment normalises.

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

Source: Morningstar, April 30<sup>th</sup> 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%