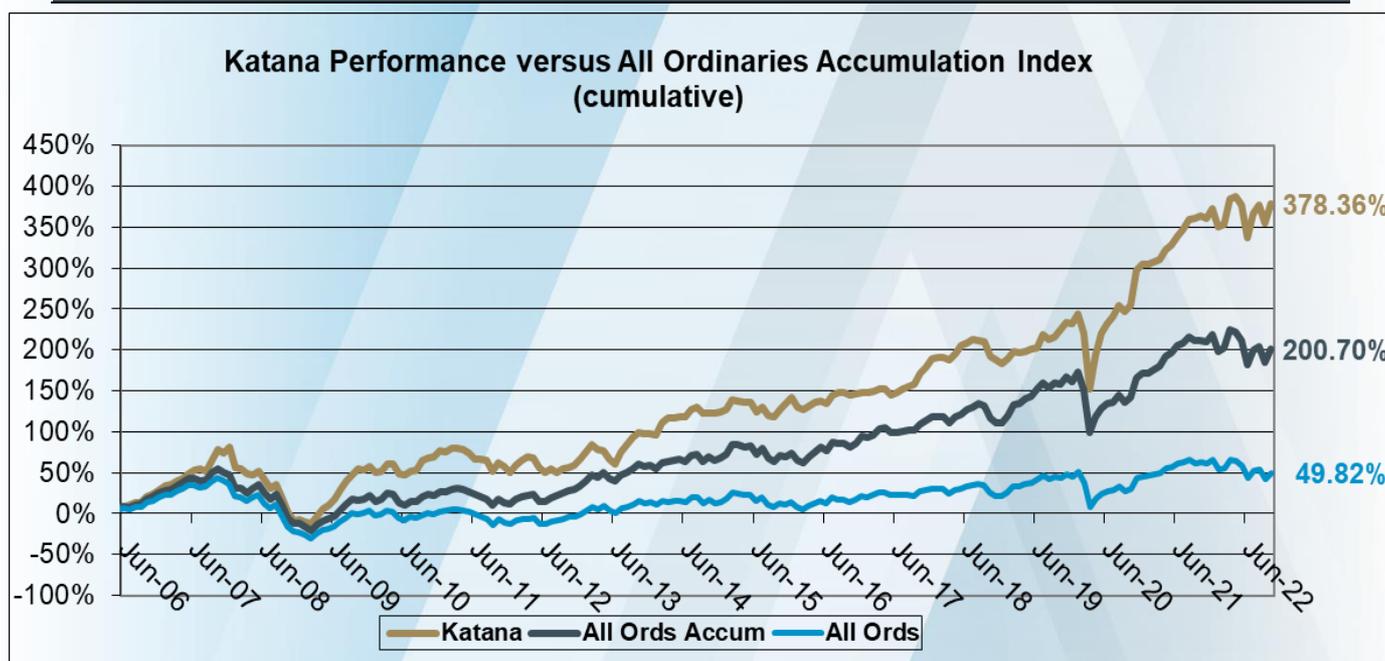


Katana Australian Equity Fund



People. Process. Passion. Performance

Performance at 31 October 2022	1 Month	1 Year	3 Years	5 Years	(Inception) 16 Years
Katana Investment Portfolio	5.20%	3.06%	13.71%	12.00%	9.74%
ASX All Ordinaries Accumulation Index	5.68%	-3.52%	5.17%	7.44%	6.76%
Outperformance (pa)	-0.48%	6.58%	8.54%	4.56%	2.98%



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 31/10/2022. Past performance is not an indicator of future performance

Key contributors:

- Mineral Resources** facilitated an investor site tour and highlighted the strong fundamentals behind the lithium business
- Aristocrat Leisure** won numerous awards and industry recognition at the annual Global Gaming Expo in Las Vegas
- Tietto Minerals** is gaining investor interest as it moves closer to first production at their flagship Abujar Project

Key detractors:

- Yancoal Australia** beat expectations with a strong quarter however flagged the recent heavy rain in NSW is impacting operations
- Medibank Private** entered a trading halt following a cyber-attack and data breach
- MegaPort** reported quarter on quarter growth but the number of Ports and services sold disappointed versus expectations

Top 10 Holdings

Company	Weight
Mineral Resources Ltd	7.83%
CSL Ltd	4.20%
Aristocrat Leisure Ltd	3.17%
Macquarie Group Ltd	2.90%
South32 Ltd	2.42%
Seven Group Holdings Ltd	2.16%
Wesfarmers Ltd	2.04%
IGO Ltd	1.96%
Coronado Global Resources	1.92%
Vaneck Global Clean Energy	1.90%
Total Top 10 Holdings	30.50%
Total Cash	30.52%

Sector Exposure vs All Ords



Market Commentary

October was an extraordinary month in the US, with the main index the Dow Jones Industrial Average rallying hard from its October 13 low of 28,660 to close up 14% for the month at 32,732. Despite the larger year to date decline, the NASDAQ index failed to attract similar interest, rising by a more modest 3.9%.

With the fund entering the month holding >35% cash, a rise in the *All Ordinaries Accumulation Index* of 5.68% was always going to be difficult to match. This was exacerbated by the fact that the fund was underweight in the 2 best performing sectors being *Financials* (+12.2%) and *A-REITs* (+9.91%). To round out the trifecta, the fund's largest weightings were in the Material sector which was one of only 2 sectors to end in the red (-0.09%).

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

Despite this perfect storm, some exceptional bottom-up stock picking enabled the fund to close within site of the benchmark, recording a respectable increase of 5.2% for the month.

The change in sentiment was driven by the belief that interest rate rises have largely run their course and that the market is past the 'worst of it'. This is not the Katana team's base case. To be clear, we see evidence that the fight against inflation has some time to run. But even more importantly, the impact on consumer spending and corporate profitability has not even registered. From what we see, consumers are 'talking about' reducing spending, but not actually acting on it as yet. Consumer spending represents 50% of GDP in this country and a whopping 68% in the US. When consumers reduce their spending, the impact on economic activity cannot be overstated.

We therefore do not apologise for the cautious positioning and intend to maintain a conservative stance at the present time. We do have enough grey hairs to realise that we cannot be stubborn or fixated on a viewpoint. But we believe that we are closer to the beginning than the end of the washout in consumer spending. As consumers tighten their purse strings en masse, we are likely to see a sizeable hit to corporate profitability and potentially stock prices.

	Total Return	+/- Cat	+/- Index	Cat Rank
3 Year	17.80%	+8.36%	+8.38%	3/304
5 Year	14.12%	+5.78%	+5.31%	3/273

Source: Morningstar, August 31 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%