

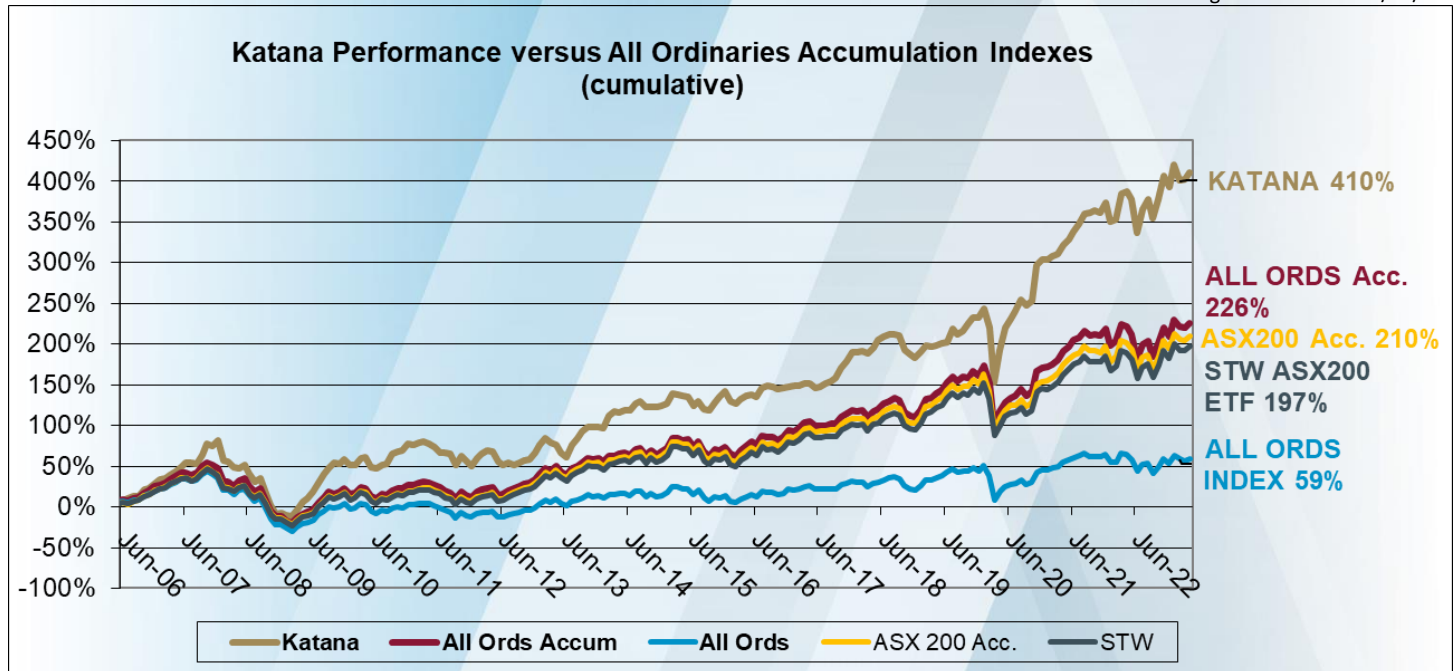
# Katana Australian Equity Fund



Performance at 30 April 2023	1 Month	1 Year	3 Years	5 Years	(Inception) 17 Years
Katana Investment Portfolio	1.60%	4.77%	20.28%	11.56%	9.86%
ASX All Ordinaries Accumulation Index	1.76%	1.51%	14.42%	8.43%	7.06%
<b>Outperformance (pa)</b>	<b>-0.16%</b>	<b>3.26%</b>	<b>5.86%</b>	<b>3.13%</b>	<b>2.80%</b>

Total Return	3 Year	5 Year
Category	8.01%	6.95%
+/- Cat	<b>8.11%</b>	<b>4.54%</b>
% Rank	<b>Top 4%</b>	<b>Top 7%</b>

Source: Morningstar Data as at 28/02/23



Source: Katana Asset Management, strategy inception was January 2005. Fund net returns are post fees, pre tax using redemption prices and assume reinvestment of distributions. Dated 30/04/2023. Past performance is not an indicator of future performance

## Key contributors:

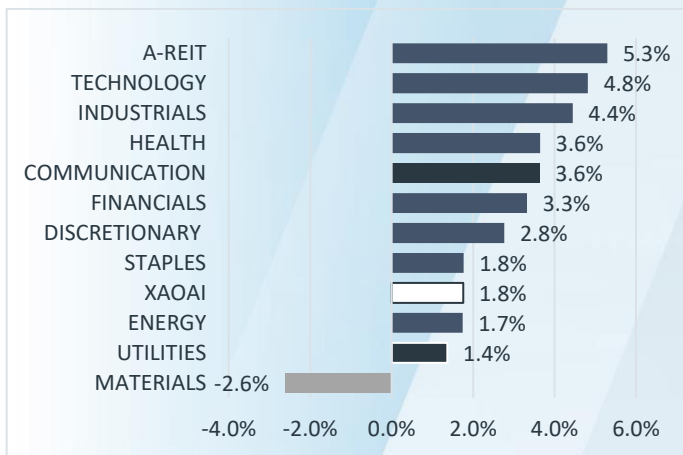
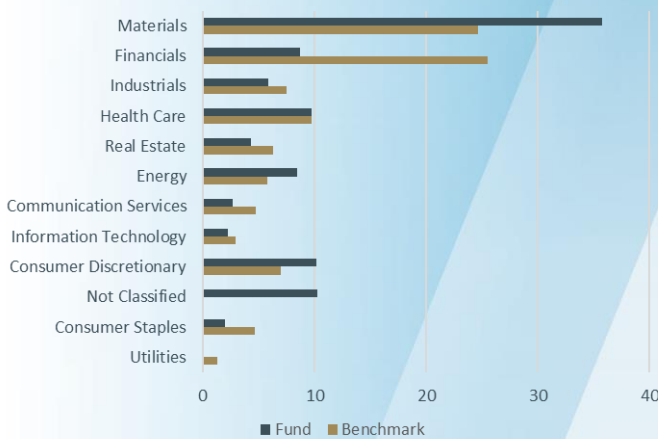
- Genesis Minerals** announced the acquisition of St Barbara's Leonora assets neighbouring their current assets in Western Australia
- Megaport Ltd** announced they expect EBITDA in FY23 and FY24 to be materially above market expectations driven by various initiatives
- CSL Ltd** bounced with the broader healthcare sector and also ran a European investor tour

## Key detractors:

- Mineral Resources** delivered a below consensus March quarterly & lithium prices also continued to decline throughout the month
- Elders Ltd** earnings expectations likely to come under pressure from lower livestock and fertilizer prices
- Seven West Media** downgraded their outlook for the TV and advertising market

Top 10 Holdings	Weight
Mineral Resources Ltd	6.81%
CSL Ltd	4.75%
Wesfarmers Ltd	2.70%
Beach Energy Ltd	2.69%
IGO Ltd	2.36%
Allkem Ltd	2.11%
Vaneck Global Clean Energy	2.01%
Macquarie Group Ltd	2.00%
Regis Resources Ltd	1.96%
South32 Ltd	1.95%
<b>Total Top 10 Holdings</b>	<b>29.34%</b>
<b>Total Cash</b>	<b>38.38%</b>

Sector Exposure vs All Ords



Key Facts	
APIR Code	KTA0002AU
Minimum Application	\$25,000
Asset Allocation	Australian equities 65-95%; Cash 5-35%

Market Commentary

**Slowly, Slowly, Quickly?**

The market continued its upward trajectory in April, with all sectors rising except *Materials* (down 2.6%). Interest rate sensitive stocks in sectors such as *A-REITS* and *Technology* were the best performers. Most likely predicated on the belief that rate rises have largely run their course. KAEF's high cash balance and overweight *Materials* exposure provided a drag on performance. However strong stock selection once again enabled the fund to all but match its benchmark net of fees.

For near on 9 months, we have seen liquidity and the economic fundamentals continue to deteriorate, whilst at the same time, sentiment has improved. Clearly this dichotomy cannot persist indefinitely. One of the 2 opposing positions must yield.

During this period, the fund has adopted a cautious stance. Whilst the fund has still out-performed during this period, it has not out-performed by as much, given the high cash weighting.

These moves usually take longer to play out than we ever expect. However in our view we are now starting to see the dominos fall. Often the dominos fall slowly at first, but then quickly as the masses catch on.

So what do we see unfolding? Put simply, the US Fed may have prevented a run on regional banks by back-stopping long duration bonds, but it is hard to see how it averts a crisis in commercial real estate and corporate lending. Remember (on some reports) regional US banks are responsible for up to 70% of commercial lending. As commercial real estate is progressively marked to market, there are 2 scenarios. Neither of which are positive. In the least worst case, regional banks significantly reduce lending to rebuild liquidity, and in doing so perpetuate a credit crunch. In the worst case, the revaluations push a large swath into insolvency. Timing is always problematic, but the regional bank dominos are falling. Slowly at first...

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