

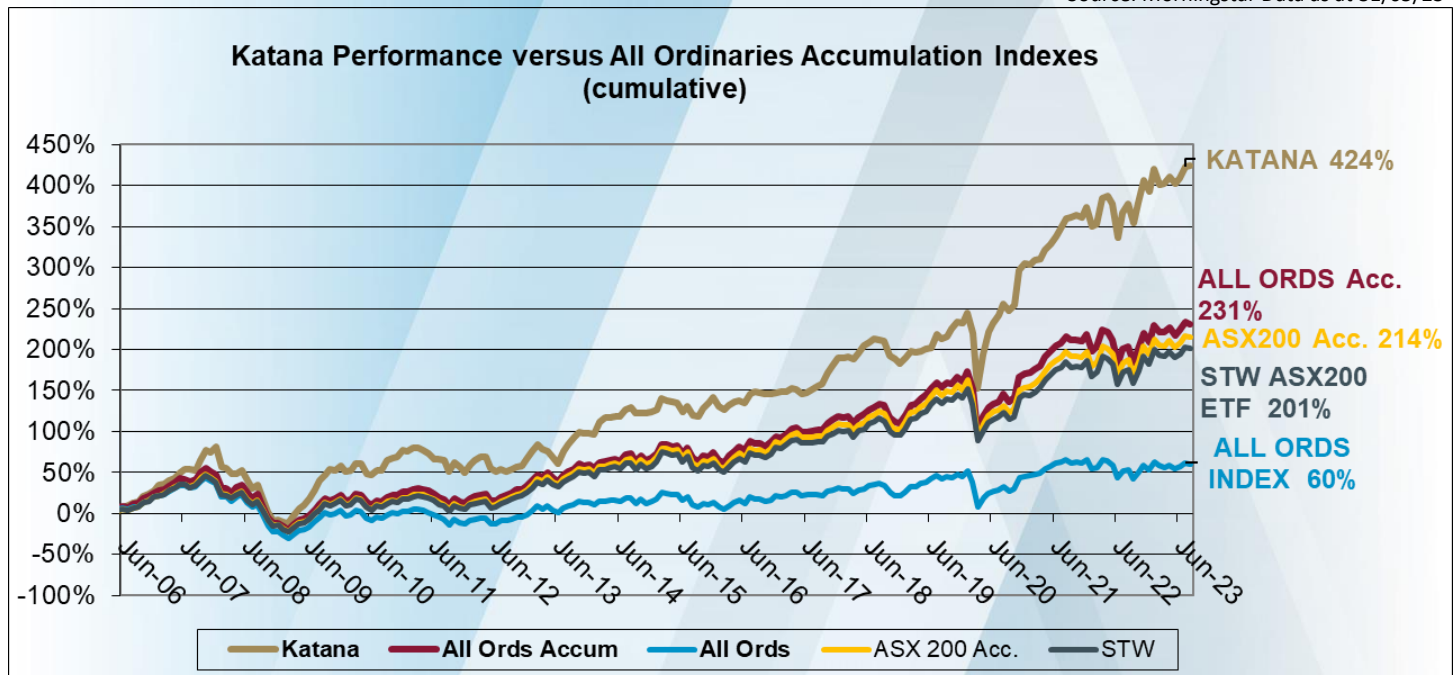
Katana Australian Equity Fund



Performance at 31 August 2023	1 Month	1 Year	3 Years	5 Years	(Inception) 17 Years
Katana Investment Portfolio	0.14%	9.66%	13.86%	10.94%	9.83%
ASX All Ordinaries Accumulation Index	-0.74%	8.92%	10.54%	7.19%	7.01%
Outperformance (pa)	0.88%	0.74%	3.32%	3.75%	2.82%

Total Return	3 Year	5 Year
Category	11.03%	6.52%
+/- Cat	5.03%	3.93%
% Rank	Top 4%	Top 3%

Source: Morningstar Data as at 31/05/23



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 31/08/2023. Past performance is not an indicator of future performance

Key contributors:

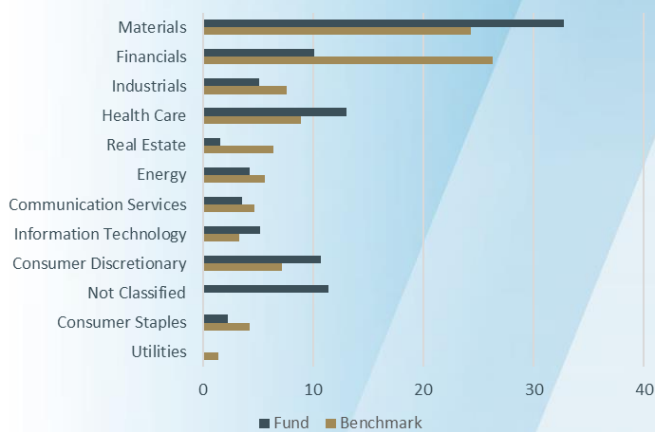
- Megaport Ltd** provided FY24 EBITDA guidance which beat analyst expectations and increased confidence in the product proposition
- Wesfarmers Ltd** released FY23 results which reaffirmed the resilience of Bunnings and Kmart
- Altium Ltd** FY23 results came in slightly ahead of expectations on customer wins and revenue guidance

Key detractors:

- ResMed** missed on FY23 earnings with gross margin recovery now expected to be a multi-year process
- Elders Ltd** lowered their full year EBIT guidance following weaker sales and product margins
- Ramsay Health** disappointed on FY23 earnings driven by high interest rates and inflationary cost pressure

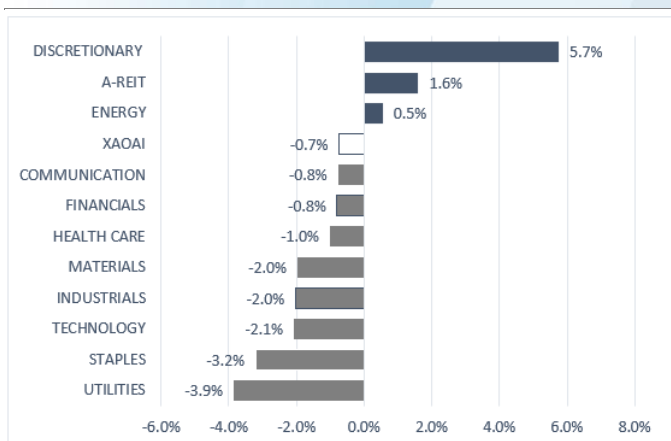
Top 10 Holdings	Weight
Mineral Resources Ltd	6.15%
CSL Ltd	4.88%
Wesfarmers Ltd	2.80%
Global X Copper Miners ETF	1.99%
Macquarie Group Ltd	1.95%
IGO Ltd	1.95%
Resmed Inc	1.89%
Newcrest Mining Ltd	1.82%
Megaport Ltd	1.81%
Genesis Minerals Ltd	1.75%
Total Top 10 Holdings	26.99%
Total Cash	28.87%

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

‘Face Reality As It Is, Not As It Was Or As You Wish It To Be....’ Jack Welch

August was a strong month for the fund on a relative basis, reporting a positive return despite the market declining -0.74%. The overweight cash position together with some excellent stock selection generated both top down and bottom up alpha. This was despite the strong performance in the consumer discretionary sector, in which the fund continues to hold a pronounced underweight position.

Whilst the index declined in August and may also in September, the reality is that we are heading into the seasonally strong period of the year. And *reality* is the key word here. Because this market has not acted as the vast majority of professional investors forecast. And some of the recent headwinds will soon reverse. For example China – which arguably generated, or at the very least accentuated, the current bout of inflation due to Covid lockdowns – is on the cusp of exporting deflation. In all reality, we are on the cusp of peak inflation and hence peak interest rates.

Yes, the laggard effect of monetary policy is yet to bite. But if it doesn’t impact share prices soon, then by the time it is actually being felt in the real world, the market may already be looking through the earnings abyss to the recovery on the other side.

As per our last monthly update, the fund invested approximately 5% of its capital throughout August. With the exception of a handful of overvalued tech tsars, the current market is the most sensibly priced for some years. Indeed as we head towards year end, the investment team is genuinely excited about the opportunities that abound in sectors that we have avoided over FY23. Whilst the timing is still uncertain, we believe that we have already identified the stocks that will generate out-performance in the period ahead. Our task now is to be patient and fine tune our entry points.

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. Past performance is no guarantee of future performance.

Copyright © 2023 Katana Asset Management Ltd, All rights reserved. (AFSL 288412) For questions or to talk to a product specialist please contact (08) 9320 4733 or email bdm@katanaasset.com