

# Katana Australian Equity Fund

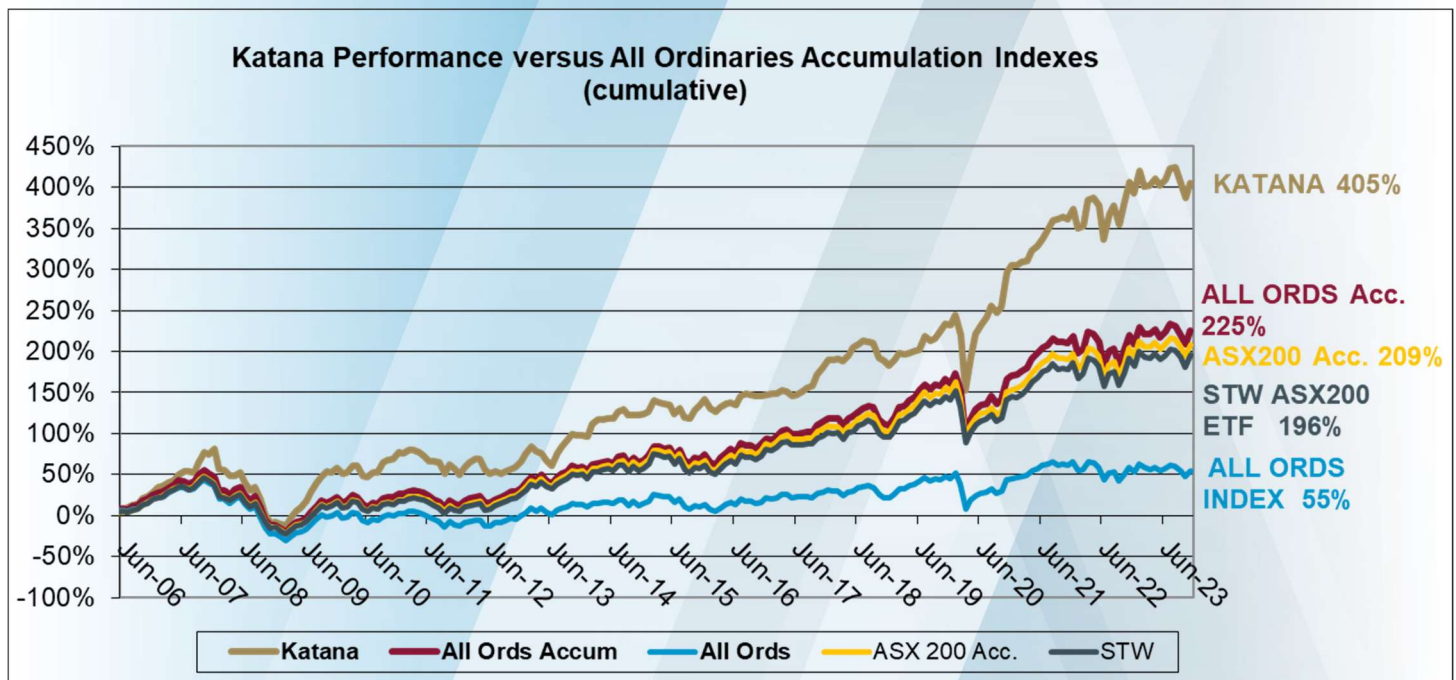


**KATANA**  
ASSET MANAGEMENT LTD

Performance at 30 November 2023	1 Month	1 Year	3 Years	5 Years	(Inception) 17 Years
Katana Investment Portfolio	3.51%	-0.22%	8.37%	11.90%	9.46%
ASX All Ordinaries Accumulation Index	5.19%	1.68%	6.93%	8.99%	6.81%
<b>Outperformance (pa)</b>	<b>-1.68%</b>	<b>-1.90%</b>	<b>1.44%</b>	<b>2.91%</b>	<b>2.65%</b>

Total Return	3 Year	5 Year
Category	9.95%	6.11%
+/- Cat	<b>3.83%</b>	<b>4.79%</b>
% Rank	<b>Top 8%</b>	<b>Top 2%</b>

Source: Morningstar Data as at 31/08/23



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 30/11/2023. Past performance is not an indicator of future performance

## Key contributors:

- CSL Ltd** rose with the broader healthcare sector, which is one of the biggest laggards for the year
- Block Inc** beat EBITDA estimates by 26% in their Q3 results driven by cost management
- Elders Ltd** beat revenue estimates in their FY23 results and reaffirmed their commitment to 5-10% growth p.a.

## Key detractors:

- APM Human Services** expects earnings to fall in 1H24 driven by persistently low unemployment putting pressure on their services
- Allkem Ltd** moved in unison with lithium peers feeling the pressure of weaker lithium prices
- Santos Ltd** slid as the Federal Court ruled they must halt work on the Barossa project pipeline

Top 10 Holdings	Weight
Mineral Resources Ltd	6.00%
CSL Ltd	4.91%
Wesfarmers Ltd	2.93%
ResMed Inc	2.60%
Macquarie Group Ltd	1.99%
Perpetual Ltd	1.95%
Elders Ltd	1.86%
Global X Copper Miners ETF	1.73%
Ramsay Health Care Ltd	1.71%
Allkem Ltd	1.67%
<b>Total Top 10 Holdings</b>	<b>27.35%</b>
<b>Total Cash</b>	<b>27.25%</b>

Market Commentary

*"The big money is not in the buying and selling, but in the waiting."*

Charlie Munger, RIP

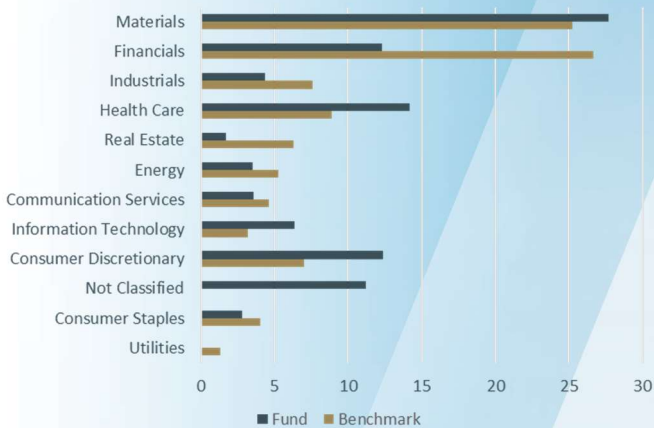
The lithium price complex deteriorated further during the month of November, impacting the prices of a number of our top 10 holdings. Unfortunately, this largely neutralised the performance of CSL, Block, Elders and other strong performers.

However, in the end, the differential between the market and the fund's return came down to the cash weighting, which averaged circa 30% during the month. This was despite a conscious effort to deploy capital once the technical indicators turned positive during the early part of November. The portfolio managers put to work in excess of 10% of the portfolio in just over a week. However due to some rather unfortunate timing, the fund received its largest inflow on record just prior to the market rally. Net for net the fund closed out the month with 27% cash versus the target of 20%.

We remain particularly confident in the outlook for the performance of the portfolio. Some high quality, strong, long-term performers are trading well off their highs. Mineral Resources (MIN) for example traded at \$97 earlier in the year, but recently traded at \$57. In the healthcare space, CSL, Sonic Healthcare, ResMed and Ramsay Health Care are all between 20%-40% below their 12 month range and even lower versus longer timeframes. And of course, lithium plays such as Allkem and Pilbara Minerals Ltd are trading 40-50% below where they were less than 6 months ago.

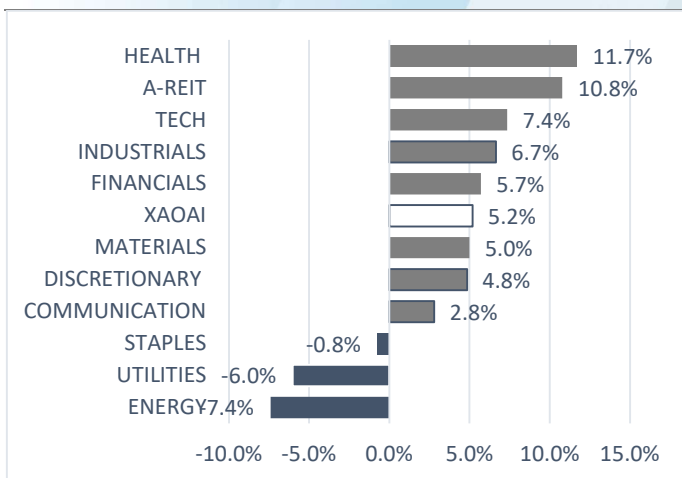
All of this provides us with some confidence that there is latent alpha within the existing holdings. With some selective buying and patience, the current portfolio looks well positioned for the rebound in key sectors.

Sector Exposure vs All Ords



Key Facts

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



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