

Katana Australian Equity Fund

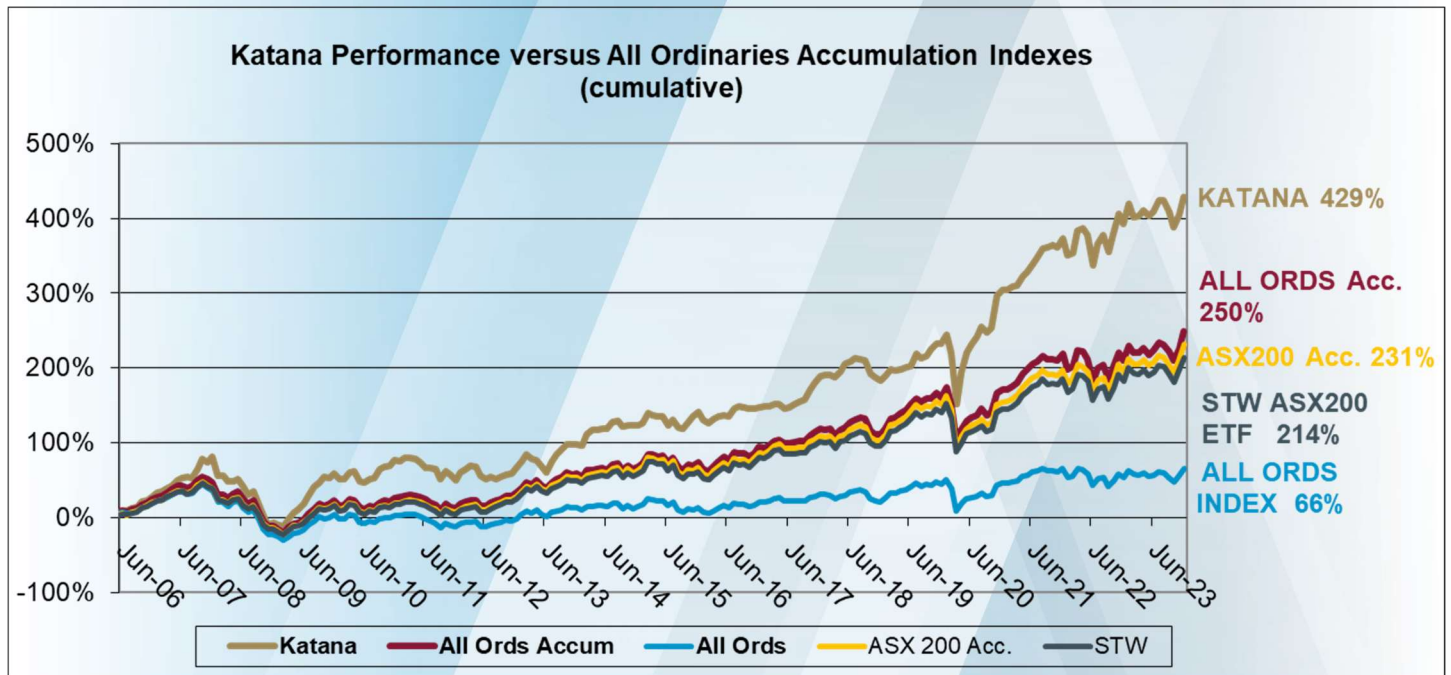


KATANA
ASSET MANAGEMENT LTD

Performance at 31 December 2023	1 Month	1 Year	3 Years	5 Years	(Inception) 17 Years
Katana Investment Portfolio	4.77%	7.42%	9.36%	13.31%	9.70%
ASX All Ordinaries Accumulation Index	7.44%	12.98%	8.88%	10.66%	7.20%
Outperformance (pa)	-2.67%	-5.56%	0.48%	2.65%	2.50%

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

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 31/12/2023. Past performance is not an indicator of future performance

Key contributors:

- Mineral Resources** rebounded with the broader lithium sector from near oversold conditions
- CSL Ltd** bounced in-line with the health care sector which lags the All Ords index YTD
- Block Inc** reported record transactions in the Black Friday sales and launched Bitkey in over 95 countries

Key detractors:

- APM Human Services** continued last months selling after management guided to a weaker outlook
- De Grey Mining** likely saw profit taking after climbing over 35% in the previous two months
- Megaport Ltd** failed to rebound following a disappointing update in October

Top 10 Holdings	Weight
Mineral Resources Ltd	6.29%
CSL Ltd	4.92%
ResMed Inc	2.91%
Wesfarmers Ltd	2.90%
Macquarie Group Ltd	2.34%
Perpetual Ltd	2.03%
Arcadium Lithium PLC	2.00%
Elders Ltd	1.74%
Karoon Energy Ltd	1.70%
Ramsay Health Care Ltd	1.67%
Total Top 10 Holdings	28.50%
Total Cash	26.82%

Market Commentary

“In investing, what is comfortable is rarely profitable.” Robert Arnott

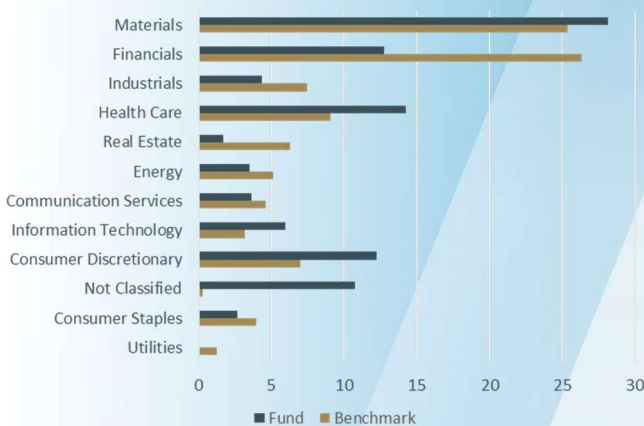
How these words have rung true throughout 2023! For most of the year, the dominant narrative has been of the pending interest-rate induced US Recession. The conservative aka ‘comfortable’ option has been to remain overweight cash.

However, stock index technicals have clearly turned positive. Whilst this does not align with the dominant ‘fundamental’ narrative, investor sentiment cannot be ignored. We must play what we see, not what we believe that we should see. Accordingly, investors will note that the fund has deployed capital aggressively over the past month. If the main technical indicators continue to exhibit integrity in this current move, then we will continue to deploy capital over the coming weeks.

We remain particularly confident in the outlook for the performance of the portfolio. A number of companies have become targets of corporate activity over the past month including Santos, Perpetual and in the smaller end Tietto. We have also identified a record number of ‘potential targets’ and believe that we will see heightened activity on this front in 2024.

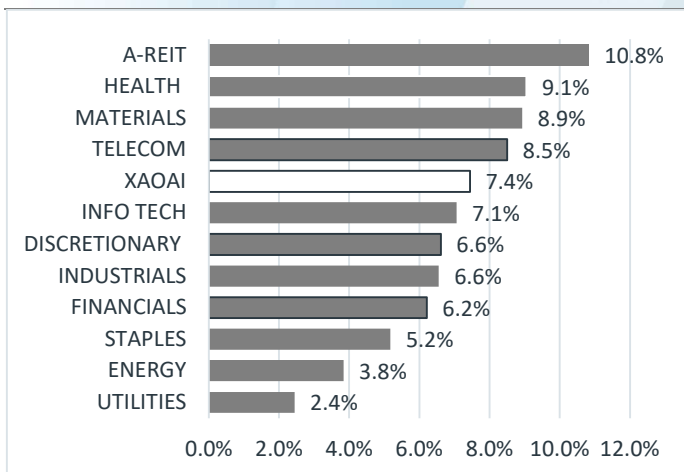
There has been a degree of chatter about the impending re-emergence of the small cap sector. Whilst we have seen a few tremors, we are yet to see any substantive move. However many decades of data tell us that this move is not too far away. The fund has selectively commenced adding a little more exposure in this space, but to date our focus has been on preparing our shopping list. As corporate activity picks up and investors search for genuine growth, we may see increased activity in many forgotten small and mid cap stocks.

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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