

Katana Australian Equity Fund



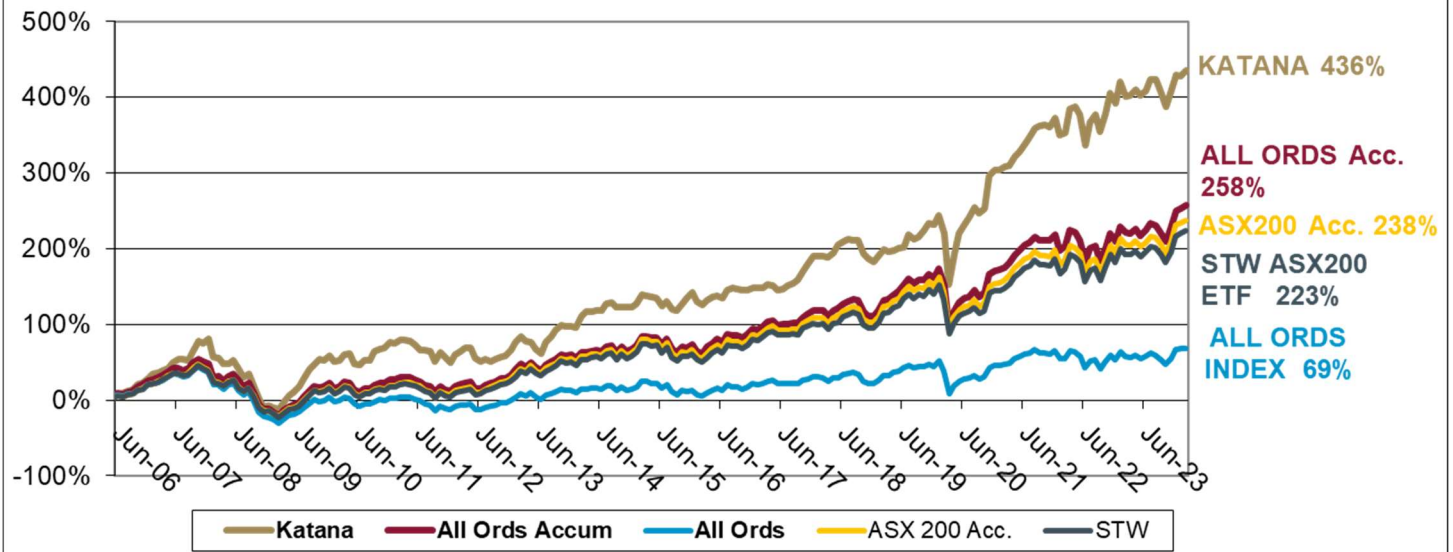
KATANA
ASSET MANAGEMENT LTD

Performance at 29 February 2024	1 Month	1 Year	3 Years	5 Years	(Inception) 18 Years
Katana Investment Portfolio	1.49%	7.02%	9.50%	12.42%	9.68%
ASX All Ordinaries Accumulation Index	1.17%	11.30%	9.07%	9.00%	7.26%
Outperformance (pa)	0.32%	-4.28%	0.43%	3.42%	2.42%

Alignment and Respect

Our team is passionate about what we do because our futures ride alongside those of our investors. Currently, staff interests comprise in excess of 20% of the total funds under management across both investment trusts.

**Katana Performance versus All Ordinaries Accumulation Indexes
(cumulative)**



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 29/02/2024. Past performance is not an indicator of future performance

Key contributors:

- Mineral Resources** beat expectations in their 1H 2024 result and further benefitted from a positive sentiment shift in Lithium
- Wesfarmers Ltd** also beat expectations in their 1H results. Kmart was the key highlight with EBIT growing 25%
- APM Human Services** received a takeover bid from private equity group CVC valuing the company at \$2.00 per share

Key detractors:

- CSL Ltd** 1H results were in-line but short-term growth of Vifor will be impacted by regulatory headwinds
- Regis Resources** reported a bigger NPAT loss than expected driven by a one-off cost of closing their hedge book
- ResMed** 1H result beat expectations but there are concerns about a slowdown in their sleep segment

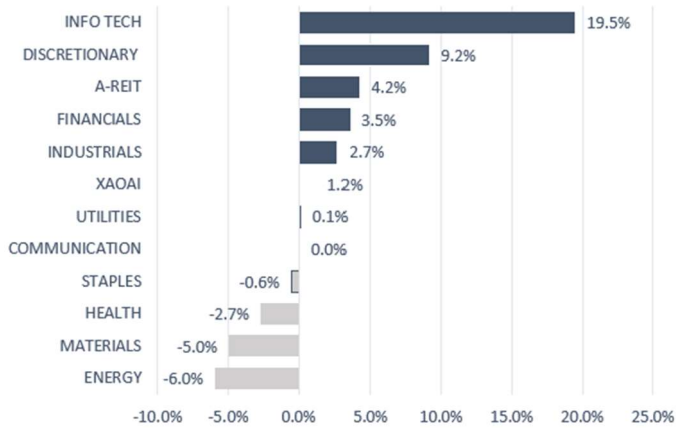
Top 10 Holdings	Weight
Mineral Resources Ltd	6.71%
CSL Ltd	4.50%
Wesfarmers Ltd	3.77%
ResMed Inc	3.35%
Macquarie Group Ltd	2.45%
Perpetual Ltd	2.04%
Whitehaven Coal Ltd	1.87%
Car Group Ltd	1.85%
Karoon Energy Ltd	1.73%
Ramsay Health Care Ltd	1.73%
Total Top 10 Holdings	30.00%
Total Cash	17.87%

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

The past 12 months have been amongst the most challenging in the 18 year history of the fund. Our (ongoing) caution with consumer spending has seen us miss the best performing sector in the past 6 months. However, our team has enough cycles under our belt to know that if we continue to focus on the process, good outcomes will arise. We are starting to see the results of this discipline, and March is off to an even stronger start.

“In the absence of the gold standard, there is no way to protect savings from confiscation through inflation. There is no safe store of value.”

Alan Greenspan

This month’s quote serves to focus us on the slow-motion train crash taking place in the US Fiscal system. An extraordinary statistic is that the US deficit is growing at US\$1trn every 100 days. In our simple assessment, the level of indebtedness is past the tipping point. It is our belief that it is not possible for the US economy to grow its way out of this position. At some point, the US Fed will need to print money. And we are not referring to temporary printing – i.e. QE. There needs to be a permanent expansion of money to pay down foreign debt. This has been a long time in the making and is likely to still take some time to play out. But it is likely to be one of the major themes for the coming decade.

Should we be scared? No. As with every crisis, there is opportunity. The expanding US money supply will lead to a wholesale debasement of the US\$. This will create losers yes – but also winners. Our task is to navigate this as it unfolds and identify the beneficiaries.

Clearly the first shoe is now dropping, and we are seeing gold break to record highs on the back of central bank buying. We are well positioned in the portfolio with 6 high quality gold stocks. In the coming months and years, we expect the devaluing US\$ to throw up a myriad of opportunities.

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