

# Katana Australian Equity Fund



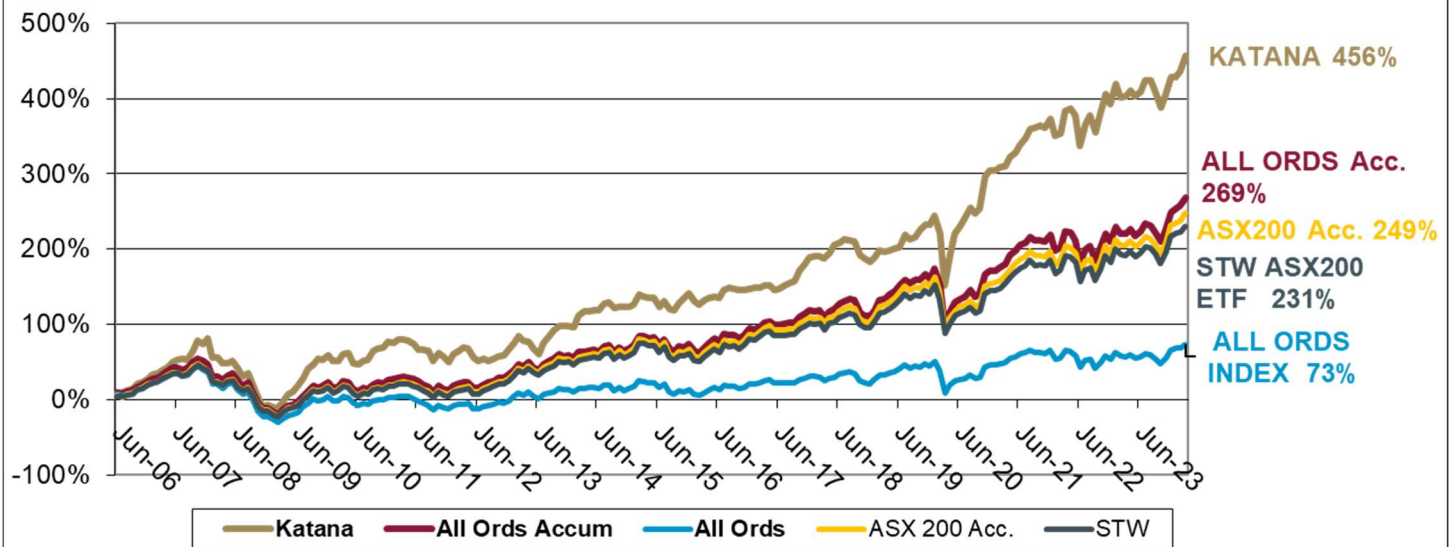
**KATANA**  
ASSET MANAGEMENT LTD

Performance at 31 March 2024	1 Month	1 Year	3 Years	5 Years	(Inception) 18 Years
Katana Investment Portfolio	3.79%	10.77%	10.68%	13.39%	9.86%
ASX All Ordinaries Accumulation Index	3.13%	14.98%	9.52%	9.52%	7.41%
<b>Outperformance (pa)</b>	<b>0.66%</b>	<b>-4.21%</b>	<b>1.16%</b>	<b>3.87%</b>	<b>2.45%</b>

### 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 31/03/2024. Past performance is not an indicator of future performance

### Key contributors:

1. **Life360** rose nearly 40% after materially lifting their full year EBITDA guidance
2. **West African Resources** confirmed full year guidance and buoyed by strong gold price
3. **ResMed** recovered all of the previous months selling following growth concerns in their sleep segment

### Key detractors:

1. **Arcadium Lithium** reversed last months strong move following volatility in the broader lithium market
2. **IGO Ltd** also gave back their previous months gain on the back of broader lithium volatility
3. **Boss Energy** saw a pull-back in their share price following strong gains over the past year

Top 10 Holdings	Weight
Mineral Resources Ltd	7.84%
Wesfarmers Ltd	3.78%
ResMed Inc	3.34%
Whitehaven Coal Ltd	2.88%
CSL Ltd	2.83%
Macquarie Group Ltd	2.46%
Perpetual Ltd	2.08%
Boss Energy Ltd	1.89%
Car Group Ltd	1.77%
Karoon Energy Ltd	1.73%
<b>Total Top 10 Holdings</b>	<b>30.60%</b>
<b>Total Cash</b>	<b>17.77%</b>

Market Commentary

*“Know your truth, stick to the process, and be free of the outcome.”*

Boyd Varty

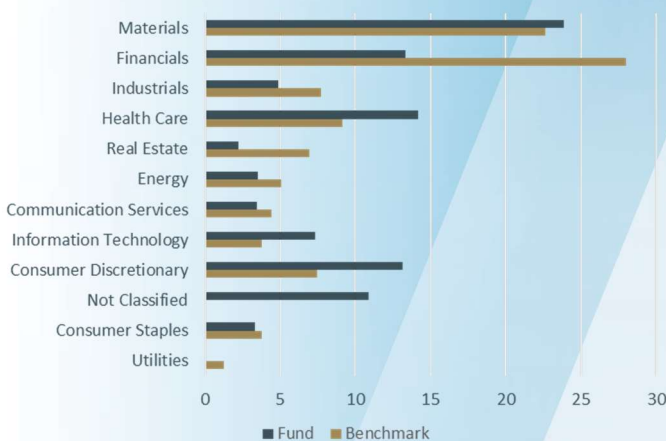
For young fund managers, periods of short-term underperformance can create enormous angst. One of the benefits of grey hair, is that you have a greater capacity to block out the noise and stay focussed on the process; knowing that in the fullness of time the results will flow. It is pleasing to see this play out once again.

In last month’s update, we spoke of the portfolio’s positioning to capitalise on the breakout in the gold price. The subsequent speed and quantum of this breakout has surprised even us. However, it is confirmation that central banks are increasingly nervous about holding \$US reserves, and are instead choosing the only scalable alternative. Despite the strong run, we remain well exposed to this sector.

Looking forward, most of the indicators that we follow are flashing red in the short term. Warren Buffet’s GDP to market valuation is at 200% (100% is fair value). The key Goldman Sach’s market indicator is in overbought territory. The CNN index is in ‘Greed’ status (albeit it has pulled back from ‘Extreme Greed’). We are seeing strong bearish divergence in a range of indexes from the NASDAQ to the S&P500. The US based National Association of Active Investment Managers (NAAIM) index of equity exposure is at its highs. Retail equity purchases have increased strongly (Charles Schwab) etc..

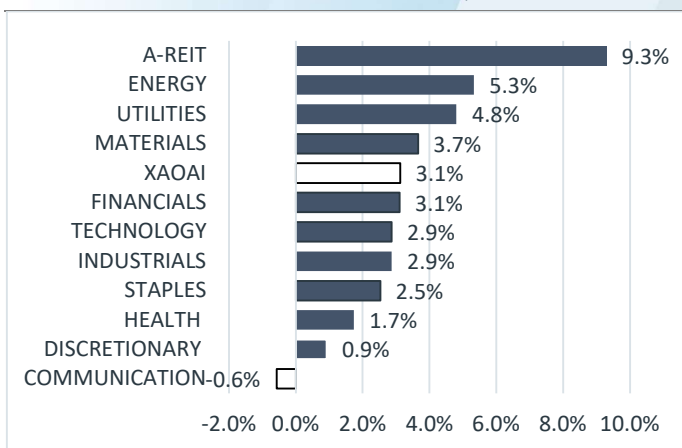
What does all this mean? Possibly nothing... but probably that this market needs to consolidate. Which is a polite term for a modest correction. Such events are always notoriously difficult to forecast. But with this many red flags, we are selectively taking profits and re-building cash reserves.

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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