

Katana Australian Equity Fund



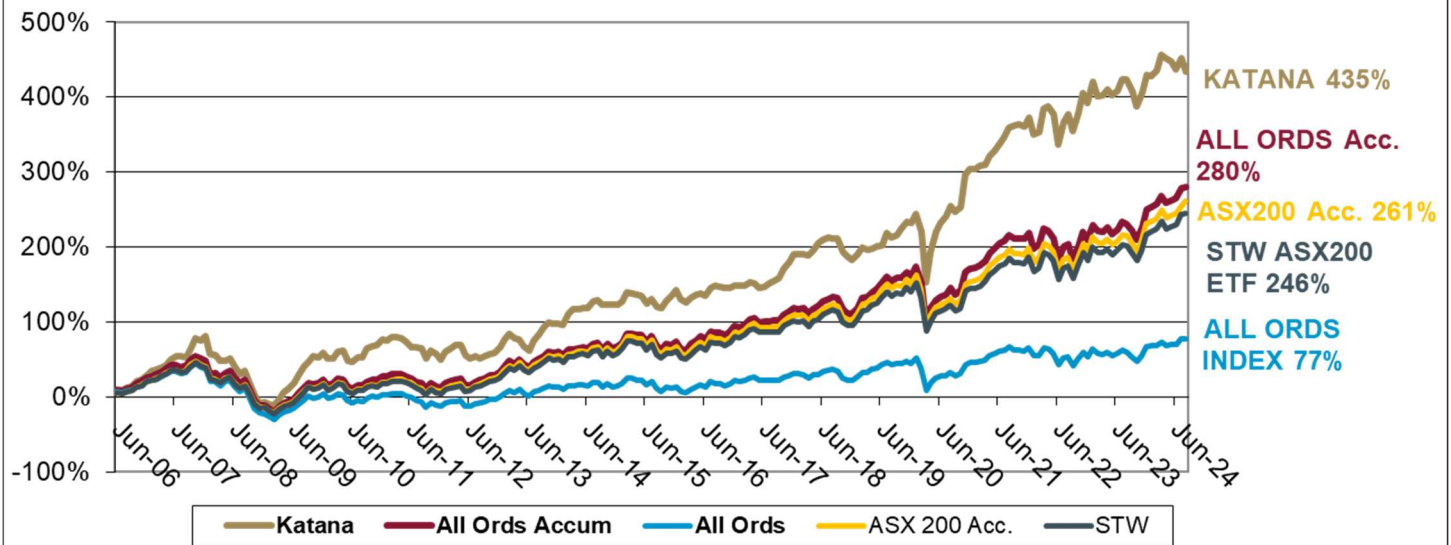
KATANA
ASSET MANAGEMENT LTD

Performance at 31 August 2024	1 Month	1 Year	3 Years	5 Years	(Inception) 18 Years
Katana Investment Portfolio	-3.07%	2.03%	5.15%	11.34%	9.40%
ASX All Ordinaries Accumulation Index	0.40%	14.75%	6.31%	8.38%	7.41%
Outperformance (pa)	-3.47%	-12.72%	-1.16%	2.96%	1.99%

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 31/08/2024. Past performance is not an indicator of future performance

Key contributors:

- Technology One Limited** is a high quality compounder with long run way of growth as it expands its offering and grows internationally
- Life360 Inc** result was strong across the board and the company upgraded revenue forecasts for FY25 to growth of >25%
- ResMed Inc** FY25 guidance stronger than the market expected with further margin expansion

Key detractors:

- Mineral Resources** moved lower as concerns around iron ore price added to lithium and debt concerns
- Whitehaven Coal** received a few broker downgrades as Met coal prices weakened
- Boss Energy** continued last month's move following sizeable inside selling by the CEO and Chair

Top 10 Holdings	Weight
Mineral Resources Ltd	4.78%
Wesfarmers Ltd	4.10%
CSL Ltd	3.85%
Whitehaven Coal Ltd	3.02%
Technology One Ltd	2.88%
Macquarie Group Ltd	2.71%
Woolworths Group Ltd	2.69%
ResMed Inc	2.24%
West African Resources Ltd	2.12%
De Grey Mining Ltd	2.11%
Total Top 10 Holdings	30.50%
Total Cash	20.30%

Market Commentary

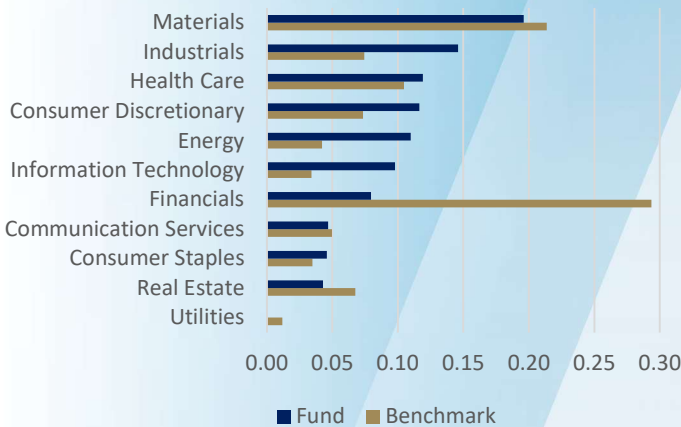
“The market can remain irrational, longer than you can remain...patient”

Katana with apologies to John Maynard Keynes

The fund has experienced its most challenging period since inception, more than 18 years ago. Whilst it would be simplistic to highlight one aspect, a large proportion of the under-performance is attributable to select holdings in the *Materials* and *Energy* sectors. And these two sectors were the outlier during this period, declining by 8.78% and 8.68% despite the broader index rising 4.34%.

	XMJ	XEJ
31/08/2024	-2.14%	-6.73%
31/07/2024	-0.11%	-0.37%
30/06/2024	-6.53%	-1.59%
	-8.78%	-8.68%

Sector Exposure vs All Ords



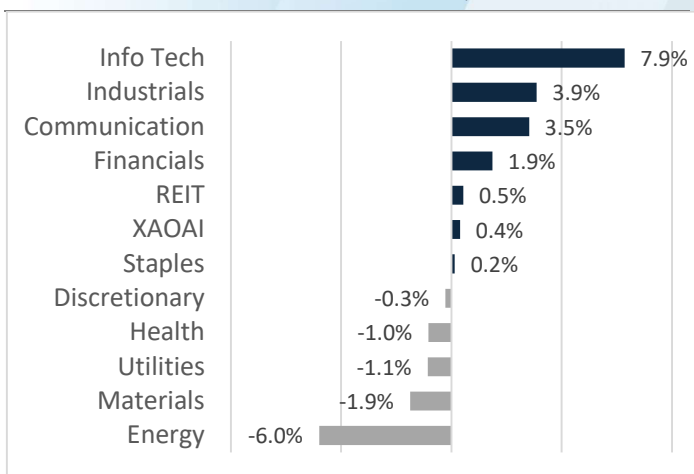
It’s important to recognise that the vast majority of the fund’s holdings in these sectors is either driven by a strong underlying confidence in the commodity (for example Gold) or a strong bottom-up view of the company. The fund, for example, does not own any generic exposure in the 3 largest miners being BHP, RIO or FMG. Nor does the fund hold shares in Woodside. Rather, all holdings are high conviction positions based on a specific and nuanced view of the commodity or company.

Clearly one such company that has caused short term pain is Mineral Resources Ltd (MIN). The recent capitulation in the share price has indeed surprised most observers. But our responsibility is to maintain focus on the long term, fundamental outlook for this company. And that remains particularly robust from all the metrics that we apply. Lithium and iron ore prices will wax and wane, but the company itself is building world class operations that will deliver enormous cashflow over time.

During the quarter, the investment team continued to add to their holdings in the fund and are more invested than ever in its long-term success.

Key Facts

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



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 © 2024 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