

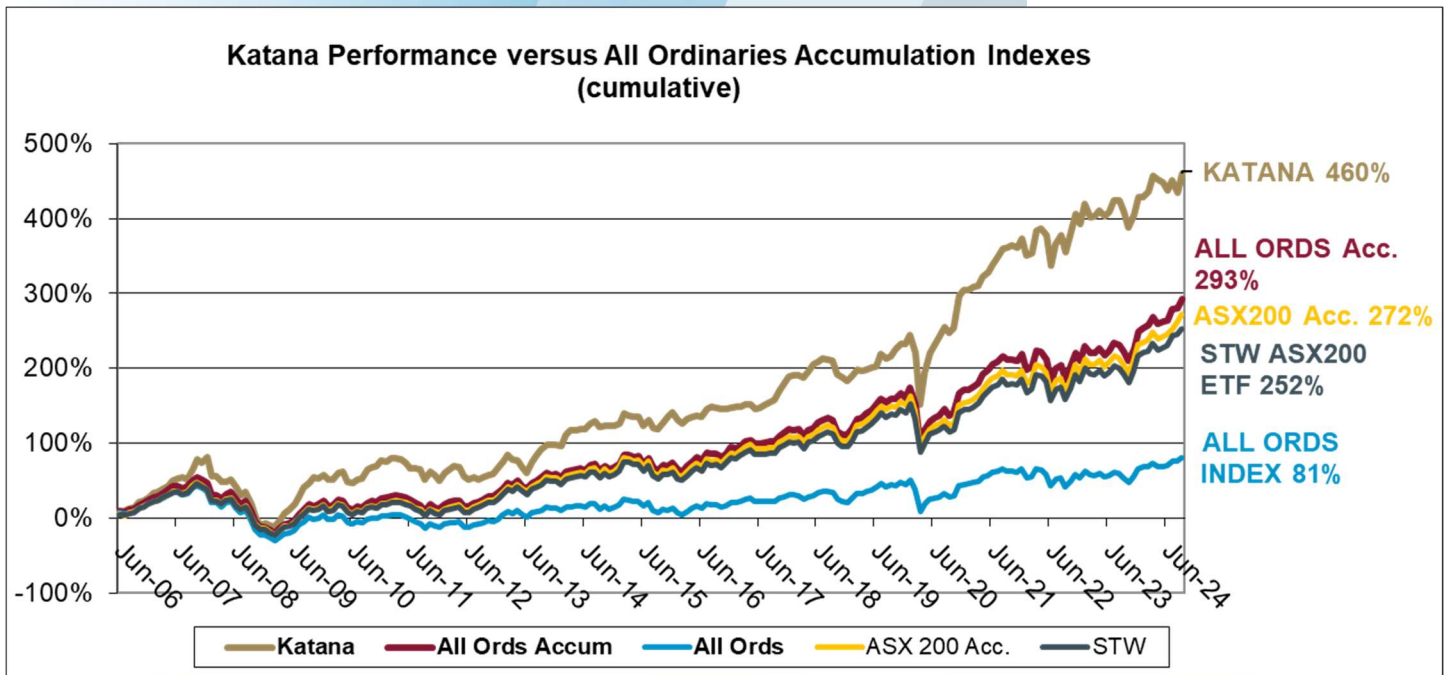
Katana Australian Equity Fund



KATANA
ASSET MANAGEMENT LTD

Performance at 30 September 2024	1 Month	1 Year	3 Years	5 Years	(Inception) 18 Years
Katana Investment Portfolio	4.67%	10.07%	6.63%	12.11%	9.62%
ASX All Ordinaries Accumulation Index	3.45%	22.15%	8.09%	8.66%	7.57%
Outperformance (pa)	1.22%	-12.09%	-1.47%	3.45%	2.05%

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.



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 30/09/2024. Past performance is not an indicator of future performance

Key contributors:

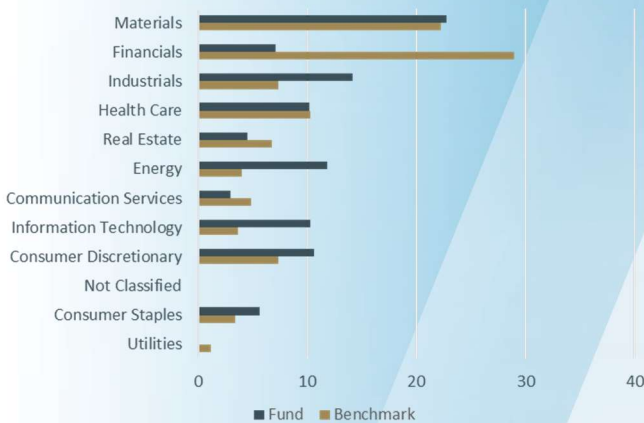
- Mineral Resources** strong rebound from heavily oversold levels on the back of China stimulus
- Austal Ltd** additional large scale defence contracts, pushing order book to record level
- West African Resources Ltd** record gold price combining with cheapest large cap valuation; Kiaka mine will add 200kozpa for 20+ years at bottom quartile costs

Key detractors:

- CSL Ltd** profit taking after strong run combined with rotation from financials and defensives into resources
- Light + Wonder Inc** court loss impacts Dragon Tooth gaming rights; looks to be oversold given that this game accounts for ~5% of revenue
- Megaport Ltd** Negative share price momentum continued post a disappointing full year result in August, including an increase in CAPEX to fund future growth

Top 10 Holdings	Weight
Mineral Resources Ltd	5.92%
Wesfarmers Ltd	3.79%
CSL Ltd	3.43%
Whitehaven Coal Ltd	3.37%
Technology One Ltd	2.86%
Woolworths Group Ltd	2.39%
Macquarie Group Ltd	2.23%
ResMed Inc	2.09%
IPH Ltd	2.07%
Regis Resources Ltd	2.02%
Total Top 10 Holdings	30.17%
Total Cash	17.70%

Sector Exposure vs All Ords



Market Commentary

“Reversion to the mean is the iron rule of the financial markets”

John C. “Jack” Bogle, Founder Vanguard

Whether or not one fully subscribes to the above thought, there is little doubt that mean reversion at some level, is a powerful reality.

During the first week of September, investors continued to sell resource stocks and rotate (albeit belatedly) into financials. The outlook for resources could not have been more dire. But as the saying goes, *“it is darkest before dawn”*. And just as the outlook for resources reached panic levels, China announced a series of stimulus measures. The turnaround was striking. From the low of 15,381, the materials index rallied 19.1% to close the month at 18,316. Conversely, financials, retraced 4.3%.



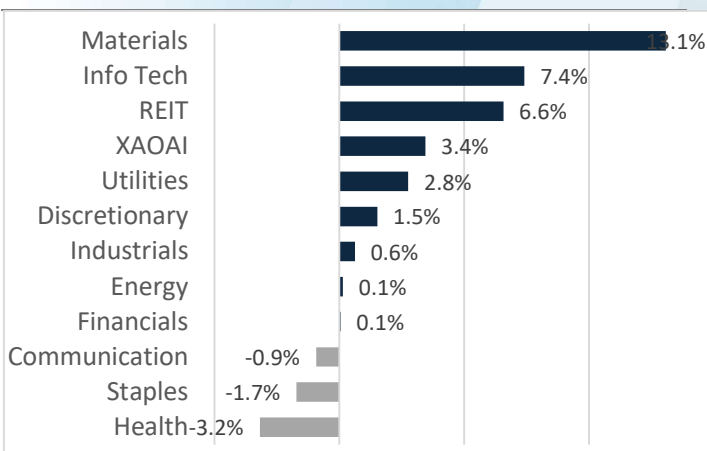
Above: resources in white/financials in orange (source: IRESS)

Whilst this was a striking initial move, as we can see from the above graph, it is most likely just the first act. With tier 1 banks trading at an average of 3 standard deviations above long term valuations, this reversal or reversion to mean, could continue for a period of time.

So what next? In simple terms, we need to see the underlying commodity complex sustain the rally. If commodity prices push on, then we have some way to run. If they do not, then this is a false start and share prices will retrace. But only temporarily in our view, as the demand drivers for commodities will recover at some point.

Key Facts

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



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