MANAGED FUND

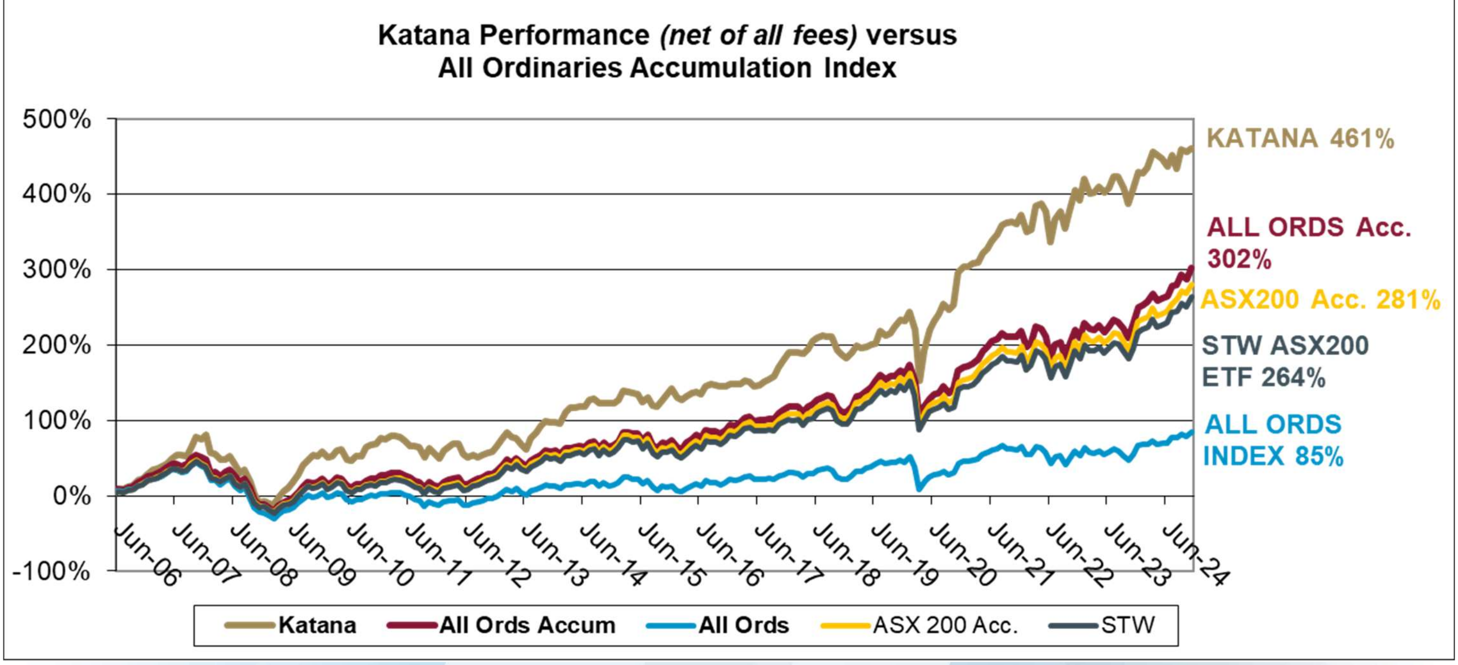
Katana Australian Equity Fund

KATANA ASSET MANAGEMENT LTD

Performance at 30 November 2024	1 Month	1 Year	3 Years	5 Years	(Inception) 18 Years
Katana Investment Portfolio (net of all fees)	0.71%	11.09%	6.76%	10.98%	9.55%
ASX All Ordinaries Accumulation Index	3.66%	23.53%	8.98%	8.58%	7.63%

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 30/11/2024. Past performance is not an indicator of future performance

Key contributors:

1. **Technology One Ltd** High-quality compounder in upgrade cycle with long pathway of growth
2. **HMC Capital Ltd** company launched its next REIT which experienced strong demand. The fees to be generated from the REIT led to HMC upgrading earnings
3. **Block Inc** Strong beneficiary of Trump election win benefiting from proposed US tax cuts, increased expected small business activity and crypto exposure

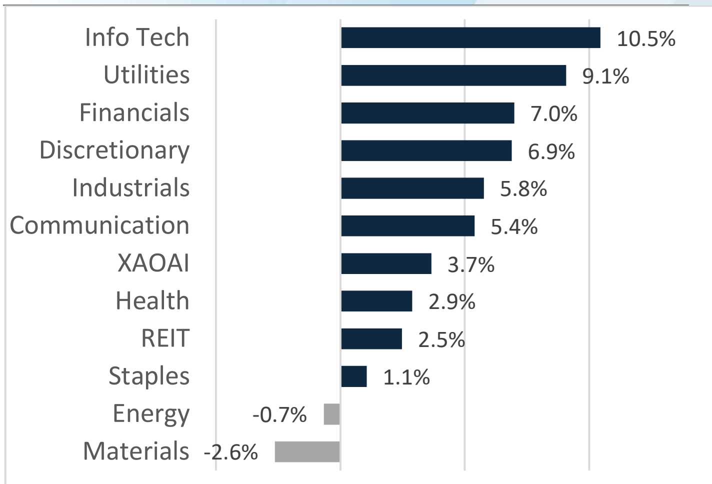
Key detractors:

1. **Mineral Resources Ltd** is still hostage to constant negative press over the MD Chris Ellison. This will eventually pass, and the fundamentals will shine through
2. **Boss Energy Ltd** Preferred uranium producer in ramp up. Commissioning going well, however uranium spot price has weighed on stock in recent times
3. **West African Resources Ltd** Mali government interference with gold miners having flow on effect to West African producers

Top 10 Holdings	Weight
CSL Ltd	4.03%
Wesfarmers Ltd	3.84%
Mineral Resources Ltd	3.80%
Technology One Ltd	3.59%
Macquarie Group Ltd	3.30%
Whitehaven Coal Ltd	3.05%
HMC Capital Ltd	2.93%
ResMed Inc	2.74%
Wisetech Global Ltd	2.28%
Austal Ltd	2.28%
Total Top 10 Holdings	31.84%
Total Cash	14.05%

Key Facts

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



Market Commentary

"Often, Mr. Market lets his enthusiasm or his fears run away with him, and the value he proposes seems a little short of silly."
Ben Graham, Intelligent Investor 1949

In April this year we wrote a piece about CBA, highlighting that it was overvalued, but likely to continue to appreciate. This was predicated on the increase in passive flows, particularly from Industry superannuation funds. The stock price at the time was $117. Fast forward, and the stock price has indeed appreciated – in fact as high as $160. But to be clear, we are now in a bubble. CBA is currently valued at 3.4x price to book value versus 1.5x, which is the approximate long term average for the big 4 banks. The yield has fallen to below 3% - below 3% for a bank stock. And credit growth and bad debt provisioning look more challenging in the year ahead versus the one that preceded.

CBA is symptomatic of a wider phenomenon, being the rise of *Momentum* investing to a level we have perhaps only seen once previously. *Value, Quality* and even *Growth* investment styles currently count for virtually nothing in the minds of large investors. Even *Growth* is playing second fiddle to *Momentum*; for example the increase in the price of CBA shares is almost completely a result of PER expansion as opposed to genuine earnings growth.
Momentum is invariably the most exciting but unfortunately also the most dangerous of market drivers. In effect, it is driven predominantly by sentiment, with little fundamental support in terms of valuation, quality or growth.
The temptation for investors can be to capitulate and join the bandwagon; to buy the most popular stock, trading on the highest valuation. At Katana, we continue to analyse and respect price *Momentum*. However, it has not and will not be the primary driver. Fundaments, such as growth, value and quality will always be front and centre in the decisions that we make.