

Katana Australian Equity Fund



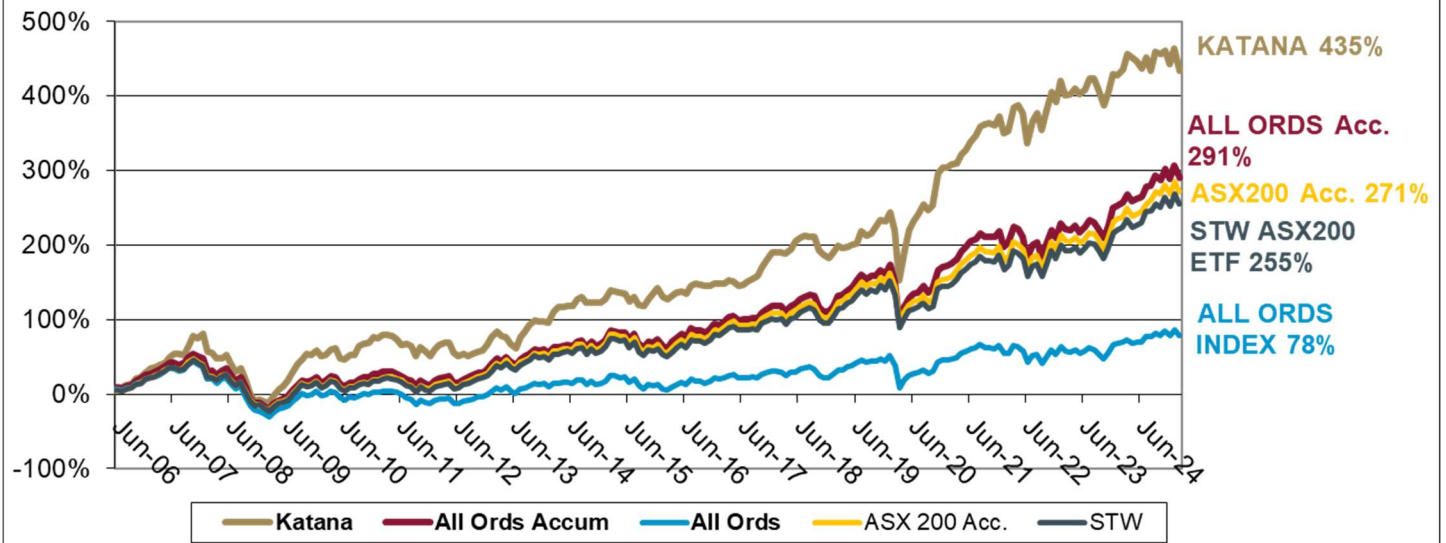
KATANA
ASSET MANAGEMENT LTD

Performance at 28 February 2025	1 Month	1 Year	3 Years	5 Years	(Inception) 19 Years
Katana Investment Portfolio (net of all fees)	-5.28%	-0.29%	5.67%	10.81%	9.14%
ASX All Ordinaries Accumulation Index	-3.96%	9.27%	8.82%	9.20%	7.37%

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 (net of all fees) versus
All Ordinaries Accumulation Index**



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 28/02/2025. Past performance is not an indicator of future performance

Key contributors:

- Light & Wonder Inc** Stronger growth than key competitor trading at a big discount. Reported strongly
- Megaport Ltd** Globally leader in Network as a Service, turnaround strategy gaining momentum
- Austral Ltd** Preferred defence contractor on the ASX benefiting from increase in military spending budgets

Key detractors:

- Mineral Resources Ltd** ongoing publicity around haul road issues and corporate governance continue to override underlying progress
- Block Inc** Missed guidance at recent quarterly report and softer US consumer weighing on stock. Valuation remains attractive
- Wisetech Global Ltd** Guidance downgrade along with corporate governance issues lead to aggressive selling. Maintain hold on long term growth prospects

Top 10 Holdings	Weight
CSL Ltd	4.06%
Wesfarmers Ltd	3.66%
Technology One Ltd	3.44%
ResMed Inc	3.37%
Whitehaven Coal Ltd	3.07%
Macquarie Group Ltd	2.94%
Light & Wonder Inc	2.51%
Mineral Resources Ltd	2.50%
IPH Ltd	2.30%
Block, Inc	2.21%
Total Top 10 Holdings	30.06%
Total Cash	22.71%

Market Commentary

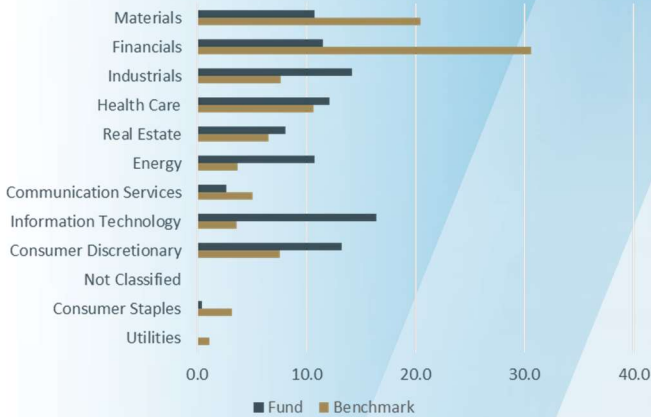
During February, we saw concrete signs that investors were rotating out of *momentum* as a style, with *Info tech* and *Banks* amongst the worst performing sectors. Macquarie noted this in their weekly market analysis: “*The nexus between earnings momentum, surprises and price reactions has broken, signalling investors are moving from past winners (e.g. banks) to losers. The strong returns from highly shorted stocks also signal a rotation...this reflects a market that wants to buy stocks with negative sentiment.*” Charts of momentum ETFs and the like, also exhibit signs of topping out. The long-awaited rotation from momentum stocks to laggards is indeed underway. KAEF has been positioned in anticipation of *momentum* stocks rolling over, and should be a net beneficiary in the coming months.

During February however, the fund’s performance was undermined by the ongoing issues with Mineral Resources Ltd (MIN). MIN declined by a further 35% during February after precipitous falls in the preceding months.

The fund has been investing in MIN stock since 2006, and KAM staff have a very high level of familiarity with all aspects of the business. Whilst the stock is currently in the epicentre of a storm, this too will pass. The haul road will be repaired. The lithium price will recover (to a degree). Cashflows from *Mining Services* and the other operations will deleverage the balance sheet in time.

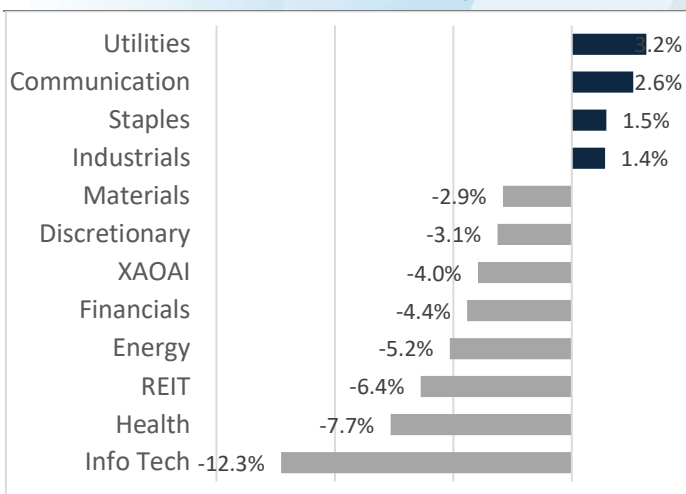
And on the other side, investors will view the Onslow iron ore project, suite of Lithium mines and *Mining Services* business with a different lens. Clearly, the declining share price is creating short term pain and angst. But this is not MIN’s first rodeo. We have witnessed these same swings several times since the stock was listed at 90c per share nearly 20 years ago. And on each occasion, MIN has rewarded patient shareholders with dividends and strong capital growth.

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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