

# Ellison backer puts case for the defence

## Katana co-founder's top pick for investors in 2026

### ADRIAN RAUSO

The stock picker who made a killing backing Chris Ellison's Mineral Resources last year believes one sector will outshine the rest in 2026.

Katana Asset Management co-founder Romano Sala Tenna saw his company's flagship Australian Equity Fund rise 25.25 per cent net of all fees in 2025, more than double the All Ordinaries accumulated index's gain of 10.56 per cent.

The resurgence of MinRes helped to drive a bumper year for the Cottesloe-based Katana.

Shares in MinRes started the year at about \$34, fell as low as \$14 amid operational issues at its flagship Onslow Iron operation and a depressed lithium market, then finished the year above \$54 as Onslow got back on track and lithium prices spiked.

Mr Sala Tenna, who has been a vocal supporter of Mr Ellison despite his well-publicised corporate governance indiscretions, said Katana bought MinRes stock at the "cheaper end of the market" and "realised some very healthy profits" after cashing out a chunk of its stake. But MinRes was the "No.2" force behind Katana's outsized gains for 2025, according to Mr Sala Tenna.

"The largest driver of our performance was actually defence stocks — we picked that reasonably early for a change," he said.

"We were able to back some quality names in that space, in

particular Austal and Electro Optic Systems, the latter of which is still our largest holding today."

Electro Optic Systems, which manufactures counter-drone technology, skyrocketed 668 per cent in 2025 and has added another 17 per cent to start the new year. Austal is already up 32 per cent this month.

Mr Sala Tenna reckons the hot run for "high-quality" defence stocks is not over and they are shaping up to be a solid long-term investment. "I think the major driver has still been what's happened in Ukraine with Russia and if you look at European countries, for example, they are really trying to accelerate their defence budgets," he said.

"We really hope to see a resolution to the Ukraine-Russia war sooner rather than later — and even though I think that'd be a short-term negative for defence stocks, people will probably look through that pretty quickly and see that the train has left the station."

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US President Donald Trump is also proving to be a tailwind for defence stocks.

"While it's a European-led thematic, you can't ignore that this month Trump tweeted rather spontaneously that he's looking to increase the US defence budget by 50 per cent," Mr Sala Tenna said.



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