

Katana Australian Equity Fund



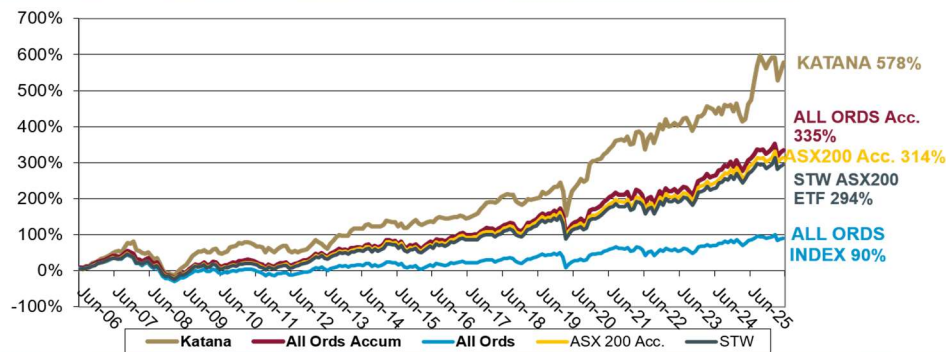
KATANA
ASSET MANAGEMENT LTD

| Performance at 31 May 2026 | 1 Month | 1 Year | 3 Years | 5 Years | (Inception) 20 Years |
|--|------------|-----------|------------|------------|----------------------------|
| Katana Investment Portfolio (net of all fees) | 4.07% | 20.36% | 10.47% | 9.63% | 9.82% |
| ASX All Ordinaries Accumulation Index | 1.22% | 6.82% | 11.00% | 7.88% | 7.46% |

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 31/05/2026. Past performance is not an indicator of future performance

Key contributors:

- Capstone Copper Corp** Preferred pure play copper exposure on the ASX. Strong organic growth and four record quarterly reports.
- Mineral Resources Ltd** has executed bringing Onslow iron ore project online successfully whilst benefiting from strong lithium prices. The buoyant lithium market further advances the company's de leveraging as the profitability from their Mt Marion and Wodgina mines increases.
- Capricorn Metals Ltd** High quality WA gold producer with 100% organic growth profile subject to approvals of Mount Gibson project. All project costs will be self-funded.

Key detractors:

- CSL Ltd** has suffered from a series of product development issues and increasing competition in its core IG market. More recently investors have lost confidence in management after repeated downgrades, compounded with tax loss selling heading into FY end. CSL remains a high-quality company and we are looking to add once sentiment turns.
- Bapcor Ltd** has been aggressively sold down as ongoing concerns around gearing levels resurface. We believe that the market is discounting their strong position in a critical retail vertical. The current weakness may draw out potential bidders, who value the circa \$2bn revenue pool.
- Northern Star Resources Ltd** Large cap beta gold play, cheap valuation should support corporate optionality or capital management initiatives.

| Top 10 Holdings | Weight |
|------------------------------|---------------|
| GenusPlus Group Ltd | 7.03% |
| Mineral Resources Ltd | 4.18% |
| Wesfarmers Ltd | 3.45% |
| Capstone Copper Corp | 3.10% |
| BHP Group Ltd | 2.84% |
| Technology One Ltd | 2.72% |
| ResMed Inc. | 2.45% |
| Macquarie Group Ltd | 2.44% |
| Capricorn Metals Ltd | 2.41% |
| Forrestania Resources Ltd | 2.08% |
| Total Top 10 Holdings | 32.70% |
| Total Cash | 15.80% |

“In markets, comfort is expensive and conviction is rare.” Chat GPT!

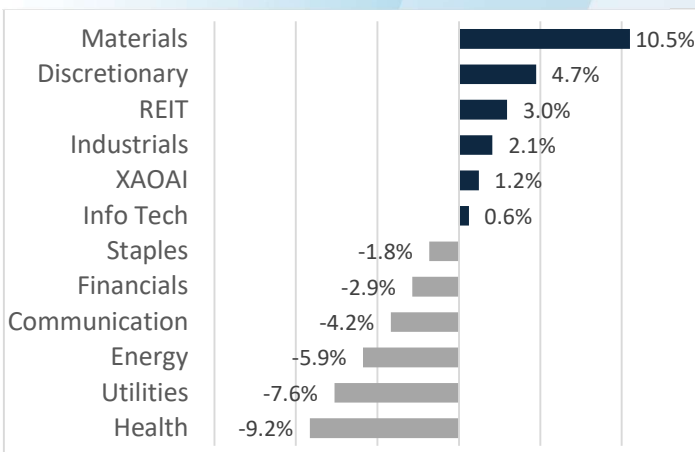
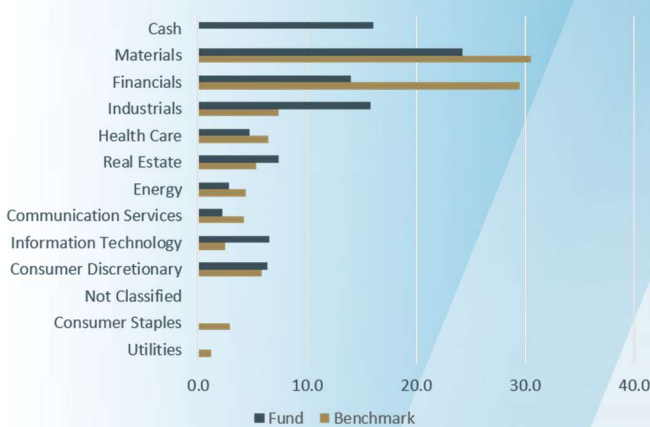
The fund backed up its performance in April with another strong result in May. This was despite a difficult macro backdrop which created significant confusion and volatility.

One of the enduring reasons for this success, has been the large ‘active’ deviation from the index. The fund is not an index hugger. Every stock is in the portfolio because there is an underlying belief that it can out-perform the broader index. And it is weighted according to our confidence in that belief. More recently we have taken one of our most active positions to date in GenusPlus (GNP). Whilst this company has already contributed strongly to recent performance, we believe that there is significant further upside to come.

During the month of May, it was all about *Materials*, with the key sub-index rising 10.5%. On the other side of the barbell, *Financials* declined by nearly 3%. Both of these moves vindicated long held viewpoints. Whilst this has taken longer to play out than we forecast, our patience and conviction has paid off. Looking forward, we anticipate further strength in *Materials* and further weakness in *Financials*. The banking sector looks particularly vulnerable at the current juncture. Three interest rate rises in quick succession were always going to be problematic. But the sudden and dramatic changes to negative gearing and the like, have decimated auction clearance rates and sent a tremor through the residential property markets.

Without labouring on the point (pun intended), politicians and investors alike need to be cognisant of just how much household wealth is tied up in property equity. A Barrenjoey report released this week estimated that residential property represents 56% of household wealth. By extrapolation they note that a 10% decline in house prices is equivalent to a **50%** decline in the ASX or a **30%** fall in total superannuation balances. This needs to be closely monitored, as it has the potential to ripple throughout the economy.

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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