MANAGED FUND

Katana Australian Equity Fund

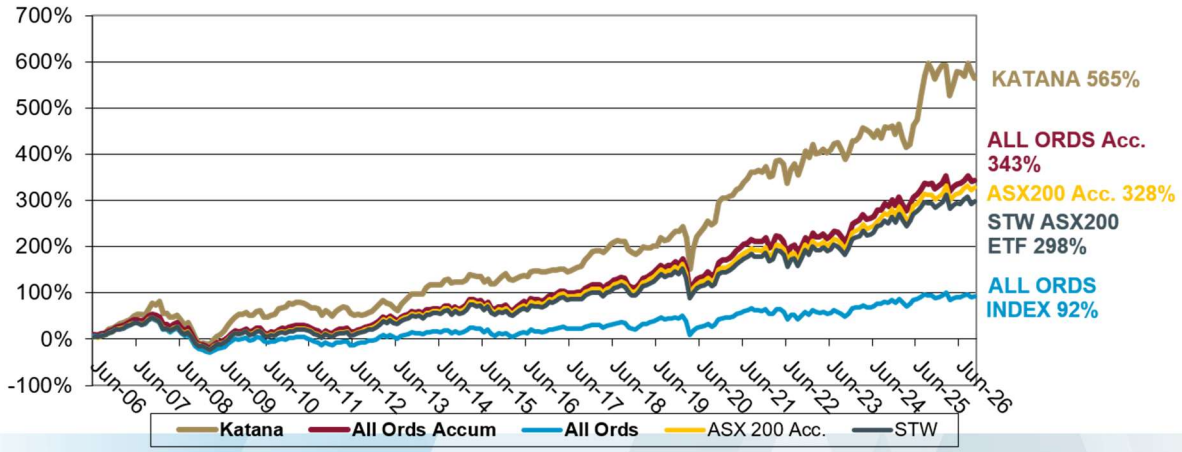
KATANA ASSET MANAGEMENT LTD

Performance at 31 October 2026	1 Month	1 Year	3 Years	5 Years	(Inception) 20 Years
Katana Investment Portfolio (net of all fees)	-1.73%	-2.15%	10.86%	7.45%	9.52%
ASX All Ordinaries Accumulation Index	0.66%	1.61%	12.75%	7.31%	7.41%

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 31/10/2026. Past performance is not an indicator of future performance

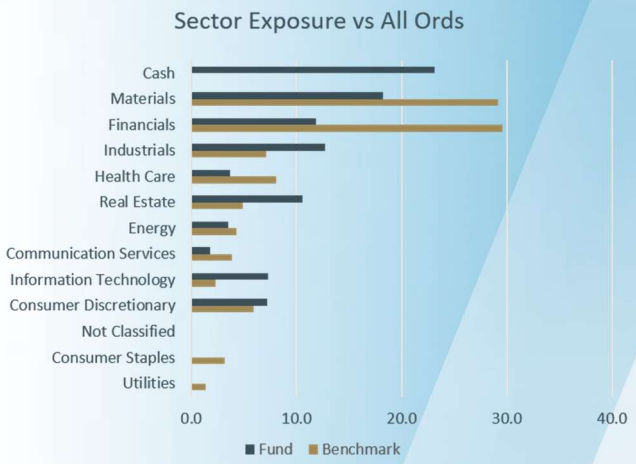
Key contributors:

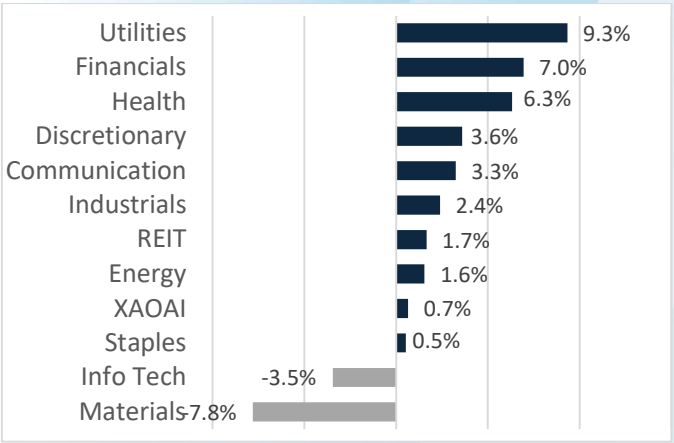
1. **Wisetech Global Limited** Valuation appealing with PEG ratio < 1 and strong earnings growth profile. Governance issues slowly being addressed. High risk coming into AGM update, but risk reward is compensating investors as this price point.
2. **ResMed Inc.** extended its October rebound from 2026's GLP-1-driven sell-off, trading above its 50- and 200-day averages, then confirmed the move with a 29 October Q1 FY27 beat (EPS +14%, record US$1bn shareholder returns).
3. **Life360, Inc.** rebounded through October from its post-Q2 slump (shares fell up to 26% on 11 August on weak margins), with the ASX-listed CDI consolidating off those lows ahead of the 9 November Q3 result.

Key detractors:

1. **GenusPlus Group Ltd** The AI trade experienced further volatility and the electrical contractors like GNP are treated as a proxy for all things AI. GNP doesn't have any direct exposure to AI or data centres, so the manager believes the is just another pull back in the company's journey.
2. **Capstone Copper Corp.** Preferred large cap pure copper play on ASX. Strong earnings and production growth over next 5 years. Copper remains one of our preferred hard commodities given genuine long term structural deficit.
3. **Mineral Resources Limited** fell despite a record Q1 FY27 report (23 Oct): record Onslow and lithium volumes, net debt to $4.1bn and a Fitch upgrade, as brokers trimmed earnings on weaker lithium/iron ore pricing and costs.

Top 10 Holdings	Weight
GenusPlus Group Ltd	5.28%
Wesfarmers Ltd	3.45%
BHP Group Ltd	3.41%
Stockland	2.80%
Macquarie Group Ltd	2.69%
Cuscal Ltd	2.11%
Capstone Copper Corp	2.10%
ResMed Inc	2.10%
Mineral Resources Ltd	2.09%
SGH Ltd	2.03%
Total Top 10 Holdings	28.06%
Total Cash	24.19%





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

Rising bond yields in October put renewed pressure on long-duration growth assets. Technology and AI-exposed stocks sold off sharply amid concerns over stretched valuations and the cost of funding AI infrastructure. The broader market was more resilient, with the S&P/ASX All Ordinaries Accumulation Index up 0.66%. KAEF returned −1.73% net of fees for the month, underperforming the benchmark by 2.40%, as the rotation weighed on the Fund's underweight position to banks and defensive holdings. Over the longer term, the Fund has returned 10.48% p.a. over 10 years and 9.52% p.a. over 20 years. That is 1.16% p.a. and 2.11% p.a. ahead of the index respectively.

The AI sell-off spread well beyond technology. GenusPlus (GNP −13.9%) was caught up in the selling despite having no direct exposure to AI or data centres. Resources linked to the energy transition and AI build-out themes were also hit hard. Capstone Copper (CSC −17.2%) fell as copper equities sold off sharply and Mineral Resources (MIN −15.7%) declined as lithium stocks came under heavy pressure. In contrast, software stocks found support as investors rotated out of AI infrastructure. WiseTech Global (WTC +25.7%) rallied after ASIC closed two investigations into the company, removing a key overhang and Life360 (360 +11.1%) also performed strongly. Defensive healthcare was also in demand, with ResMed (RMD +11.0%) delivering a strong Q1 FY27 result, including 14% non-GAAP EPS growth.

Outlook

Markets and the Fund have rebounded in early November as several of October's headwinds eased. The US midterms delivered a decisive result, with the Democrats winning both the House and Senate. Markets welcomed the clarity of the outcome and the S&P 500 posted one of its strongest post-midterm sessions in decades. Historically, divided government has supported equities by constraining spending and making policy more predictable.

Markets are also pricing in a negotiated resolution to the Iran conflict. Brent crude has fallen to around US$95/bbl from a six-month high at the end of October, easing a key source of inflation. Bond yields have retreated in response, giving relief to the growth assets hit hardest in October. US technology stocks remain under pressure, however, on concerns that a Democrat-controlled Congress could tighten regulation of data centres and AI.

October's sell-off has left many quality companies on attractive valuations, and we expect AGM season to confirm the operating strength of our holdings. If confidence builds that rates have peaked, we expect sentiment towards equities to improve, and the portfolio is well positioned to benefit.

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