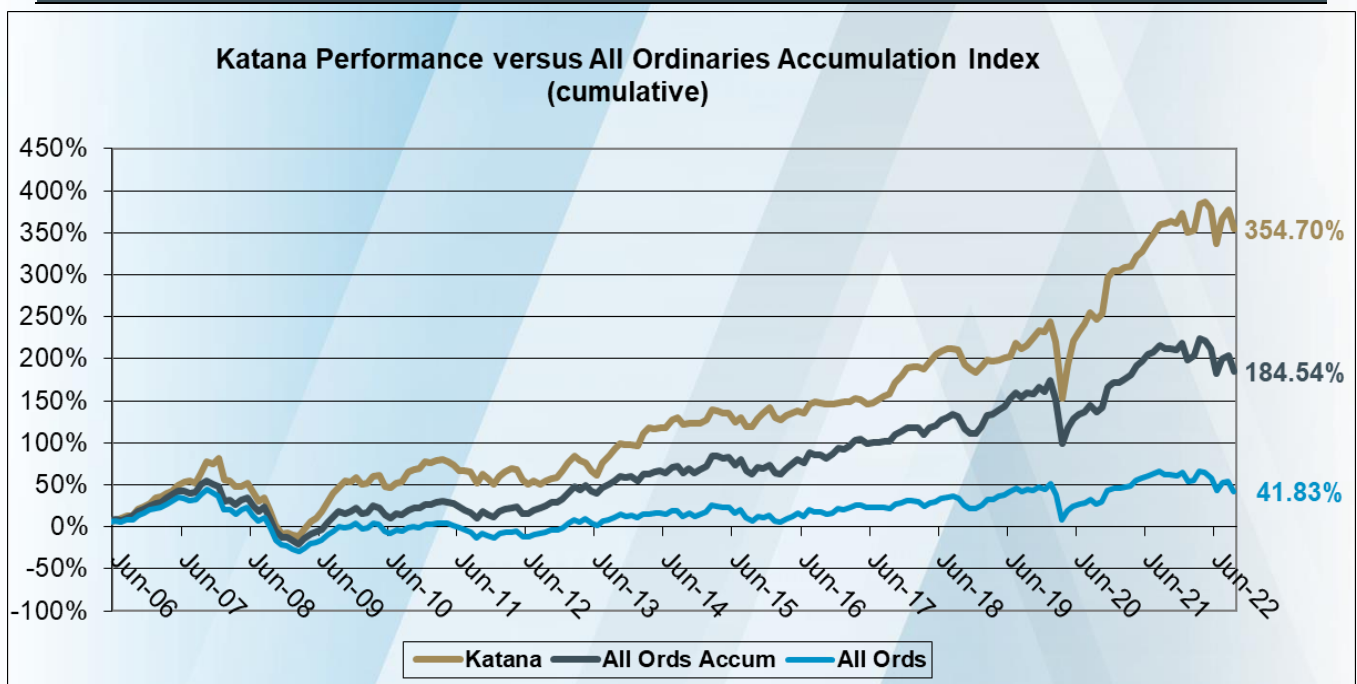


Katana Australian Equity Fund



People. Process. Passion. Performance

Performance at 30 September 2022	1 Month	1 Year	3 Years	5 Years	(Inception) 16 Years
Katana Investment Portfolio	-4.85%	-1.50%	12.90%	11.97%	9.46%
ASX All Ordinaries Accumulation Index	-6.41%	-8.57%	3.12%	7.11%	6.44%
Outperformance (pa)	1.56%	7.07%	9.78%	4.86%	3.02%



Source: Katana Asset Management, strategy inception was December 2005. Fund net returns are post fees, pre tax using redemption prices and assume reinvestment of distributions. Dated 30/09/2022. Past performance is not an indicator of future performance

Key contributors:

- Mineral Resources** rallied on speculation they might demerge and separately list their lithium business
- Coronado Global** was saved from the market selloff supported by strong coal prices
- VanEck Gold Miners ETF** bounced from its lows as the US dollar retreated towards the end of the month

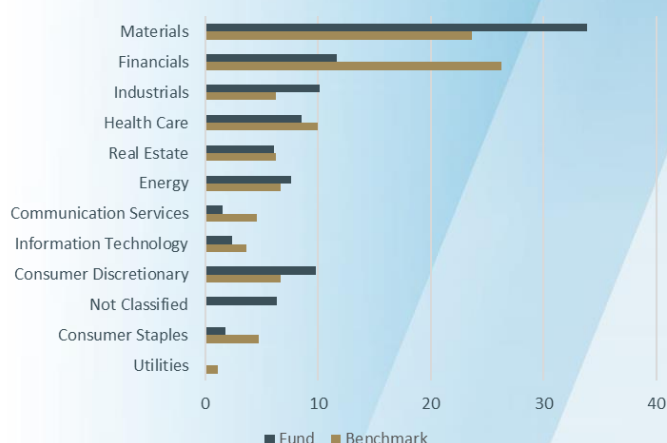
Key detractors:

- Macquarie Group** closed its Asian Equities operations and lost a takeover bid for a UK based recycling business
- Goodman Group** and the whole property sector was weaker on fears interest rates would rise more than previously thought
- Unibail-Rodamco-Westfield** was also weaker based on interest rate fears

Top 10 Holdings

Company	Weight
Mineral Resources Ltd	7.53%
CSL Ltd	4.57%
Aristocrat Leisure Ltd	3.02%
Macquarie Group Ltd	2.80%
South32 Ltd	2.61%
Seven Group Holdings Ltd	2.14%
Wesfarmers Ltd	2.06%
Coronado Global Resources	1.93%
IGO Ltd	1.88%
Vaneck Global Clean Energy	1.75%
Total Top 10 Holdings	30.29%
Total Cash	37.89%

Sector Exposure vs All Ords



Market Commentary

To recap a volatile period, the ASX Accumulation index declined by -9.51% in June, rebounded 6.34% in July and then declined by -6.41% last month (September). All sectors finished in the red. Interest rate sensitive sectors *Utilities* (-13.8%) and *A-REITs* (-13.6%) were hardest hit as US 10 year bond yields soared nearly 20% from 3.12% to 3.71%. The higher priced *Technology* sector also suffered significant declines (-10.6%). *Industrials* (-9.8%) and *Consumer Discretionary* (-9.1%) were also under heightened pressure. *Materials* (-2.34%) and *Energy* (-3.81%) were the best relative performers. KAEF continues to hold overweight positions in both these sectors.

KAEF continued its strong run, out-performing the index during the month of September by **1.56%** net

of all fees. The fund continues to out-perform the index net of fees over every timeframe since inception. This is an extraordinary level of out-performance over nearly 17 years.

We have spoken and written often about the current conundrum we face. On the one hand, we see a growing list of fundamental macro headwinds centred around an inflationary induced and interest rate led global recession. Compounded by China property issues and lockdowns and the war in Ukraine. On the other hand we see record consensus short positioning.

At the time of writing, the index has rebounded in excess of 5% for the month of October. With a high cash weighting, we do not have the luxury of spectating for too long. At some point we need to deploy capital.

However, one swallow does not a summer make. We suspect that the strong start to October was again driven by bargain hunting from oversold levels, triggering a wave of short covering. For our mind, we are only part way through the current rate rising cycle. And we are yet to meaningfully commence the earnings downgrade cycle and see the impact on consumer spending.

We are watching closely to see if there is genuine follow-through or if the primary downtrend reasserts itself. The latter is our base case, but we are not wedded to it.

	Total Return	+/- Cat	+/- Index	Cat Rank
3 Year	17.80%	+8.36%	+8.38%	3/304
5 Year	14.12%	+5.78%	+5.31	3/273

Source: Morningstar, August 31 2022

Key Facts

APIR Code	KTA0002AU
Responsible Entity:	Katana Asset Management Ltd
Minimum Application	\$25,000
Asset Allocation	Australian equities: 70-95%; Cash 5-30%

The information contained in this email is of a general nature only. It does not take into consideration your specific needs or circumstances. You should seek appropriate advice to determine personal suitability before investing. Copyright © 2021 Katana Asset Management Ltd, All rights reserved. (AFSL 288412) For questions or to talk to a product specialist please contact Romano Sala Tenna on (08) 9320 4733. 102 Forrest Street, Cottesloe WA 6011 Ph: (08) 9320 4733 Email: bdm@katanaasset.com