



ASX/MEDIA RELEASE

24 July 2014

Performance and Capital Update

Dear Shareholders

PERFORMANCE UPDATE

Whilst we will provide a full review of the 2014 Financial Year in our upcoming annual report, we did want to take this opportunity to update you briefly on our performance for the 12 months to the 30th June. In particular, we are very pleased to be able to share with you 6 key metrics.

Metric	Achievement & Comments
2014 FY Return	Our (unaudited) gross investment returns of \$8,306,753 represents a return on funds of 26.78% (pre-fees and pre-tax) versus 12.70% for the All Ords Index
Performance History	Importantly, this is the 8 th year out of 9 since listing that we have out-performed our benchmark the All Ords Index. This equates to an 89% rate of out-performing the main market index , and is particularly pleasing as our investment team strives not only for strong returns but also consistency
Risk Factors	Katana's performance was achieved with a high cash balance (averaging approx. 25%+ for the year) and a highly diversified portfolio that did not fall below 40 individual holdings at any time. We believe that both of these measures are important to our shareholders as they indicate that portfolio performance has been achieved in a diversified manner without taking on excessive risks throughout the year.
Dividends	Katana was able to maintain quarterly dividends and steadily increase them throughout the year. The 5c represents a fully franked yield of 6.3% (9.1% grossed up) on the average share price over the past 12 months.
Low Payout Ratio	Our (unaudited) payout ratio for the past 12 months was below 30%. This compares favourably with our peer group whom average over 80% payout ratio and clearly provides ample scope to maintain and possibly grow dividends into the foreseeable future.
Total Shareholder Returns	The company's shares appreciated by 23% throughout the financial year. When the gross dividend yield is included, this represents a total shareholder return of close to 30% for the 2014 financial year.



CAPITAL UPDATE

Whilst markets are volatile and unpredictable, the team at Katana Asset Management are cautiously optimistic on the outlook for the ASX over the coming 12 months. This is supported by record low interest rates both domestically and globally and the ongoing recovery in the world's largest economy the United States. We are also seeing a solid pipeline of high profile IPOs coming to market in the next 12 months, presenting possible investment opportunities. Unlike many asset managers, Katana is not capacity constrained at this point in time and hence the Board believes that now is a sensible time to increase the firm's assets under management.

To this end, the Board of Directors is considering a variety of possibilities to raise further capital including the possibility of undertaking a placement and pro-rata entitlement issue to existing shareholders.

Should any capital raising be undertaken, The Board of Directors also plan to reward all shareholders by issuing bonus options on a 1 for 1 basis. The options will be listed and provide further upside to all shareholders on an equal basis.

More details will be provided as and when they come to hand.

KATANA CAPITAL ROAD SHOW

We will be initiating greater contact with our shareholders recognising the emerging interest in our Company around Australia. We intend to commence broker and financial advisor visits in each mainland capital city. If you would like a visit from us then please contact Romano Sala Tenna on 08 9220 9888 or rsalatenna@katanaaasset.com.

- ENDS -

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