

Katana Capital Limited

ASX CODE KAT

AGM PRESENTATION

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www.katanaasset.com



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Fund Performance

Katana Profile

Outlook

FY24 Performance

- Gross Investment Return of **9.21%** vs Benchmark (All Ords Index) **8.27%**
 - Modest out-performance of **0.94%** on the back of **9.71% out-performance in 2023**

In Context – 19 Year Performance vs Benchmark

- Outperformed the benchmark in 15 out of 19 years (**79%** of the time)

Dividends

- Paid 4x quarterly dividends totalling 2.00c per share
- Dividends all fully franked

Fund Performance

Annual Investment Returns

KATANA
OUTPERFORMANCE
vs ALL ORDS INDEX



YEAR ENDING		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	AVERAGE
Katana Gross Investment Return	%	9.20	49.05	-6.41	-23.57	24.54	19.10	-11.19	8.84	26.78	-1.57	4.98	6.23	26.27	-0.43	9.30	32.82	1.13	19.42	9.21	10.72
All Ords Index	%	6.91	25.36	-15.49	-25.97	9.55	7.75	-11.25	15.47	12.70	1.28	-2.58	8.54	9.12	6.51	-10.42	26.39	-11.06	9.71	8.27	3.73
Outperformance	%	2.29	23.69	9.08	2.40	14.99	11.35	0.07	-6.63	14.07	-2.85	7.56	-2.31	17.15	-6.94	19.72	6.43	12.19	9.71	0.94	6.99

Past performance is no guarantee of future performance

**Out-
Performance
Since
Inception**

1. Inception date Katana Capital January 2006. Returns quoted are gross investment returns for the fund.
2. Past performance is not necessarily indicative of future performance.

Source: Katana Asset Management Ltd; IRESS

Dividend History

- Paid dividends every year since listing
- Quarterly dividends provide regular cash flow to yield conscious investors
- Dividend Reinvestment Plan - company purchases shares on market so no dilution

Future Dividends

- The company has substantial retained earnings and a large franking credit balance
- Subject to ongoing market conditions, the company is well positioned to continue to pay at least equivalent dividends in the coming year

Manager – Skills and Experience

- 4 investment professionals
- Combined direct investment experience of >75 years
- Across 3 stock market cycles
- Professional Qualifications - economics, business, accounting, investment analysis
- Diverse Backgrounds – domestic, international
- Results Focused
- Strong Processes - rigorous decision-making
- Media Recognition - regular contributions to all forms of media
- Aligned Interests - managers personally own ~30% of FUM

Think independently but act in unison with the market, by combining the best precepts of the

5 key investment disciplines:

- 1. Value Investing**
- 2. Fundamental Analysis**
- 3. Growth Investing**
- 4. Technical Analysis**
- 5. Market Experience and Observation**
 - Overriding pre-occupation with capital preservation
 - Comfortable to remain weighted in cash for extended periods
 - Emphasis on flexibility within a strong overlying framework of accountability & risk management
 - Companies are imperfect; our lot is to choose the 'less imperfect' by clearly prioritising our investment criteria

A comprehensive outline of our Investment Philosophy has been provided on our website: www.katanaasset.com

Portfolio Overview

- **Long only**
- **ASX** listed securities
- **Benchmark ‘Unaware’** – i.e. flexibility to maximise returns without constraints on market capitalisation, sector or theme.

By removing restrictions on size, sector and weightings, we enable each investment to be assessed on its merit.

Top Down Macro Overlay with Bottom Up Stock Analysis

- Economic cycle (timing) decisions
- Asset allocation - preparedness to move to, and maintain a cash position
- Sector allocation – portfolio based on prospectivity not sector weighting
- Stock selection and allocation

Portfolio Parameters

- **55-65** individual **stock positions**
- Average position **size 1%–5%**, with a pre-disposition towards holding a greater number of smaller positions
- Mandated maximum position sizes based upon market capitalization and liquidity
- Cash Position mandate range is 0 – 80%; historically 15%-35% but **strategic shift to average <5% during FY24 and moving forward**

Generally towards the upper end of this range and has been as high as 50% of funds under management

Achieving high returns with a high cash balance reduces risk through the cycle

- Significant value added with stock positions outside ASX100

Thematic exposure achieved through ASX100, but additional alpha derived through detailed bottom-up analysis of ex-100

- **No gearing or shorting** applied in the portfolio

Capital Preservation Lower Risk Profile

	No Gearing	No debt
	No Derivatives	No options, warrants, futures contracts or other derivatives
	Highly diverse Portfolio	55-65 stocks, only 3 stocks have exceeded 5% weighting in 17 years
	High cash weighting	5-15% through the cycle
	High Quality Stocks	Every investment must pass a rigorous checklist that focusses on risk ; especially historical performance, gearing, liquidity and profitability
	Only ASX listed Securities	No unlisted shares; no currency, commodity or off-shore market risk
	No Short-selling	Long only investor
	External Registry & Custodian	External Tier 1 Custodian and Unit Registry; separation of control of all assets
	Highest level of Alignment	Management team own just over 30% of Funds under Management; capital preservation is at the forefront of every decision

Katana Profile

Rigorous Investment Profile

Every investment submission must cover off on set criteria in 4 categories across 11 topics.
The total universe of assessable criteria is now in excess of 160 individual attributes.

Total rating based on 160+ different criteria assessed



Comparison against previous assessments

OR
+
AND
Could be Growth or Value play.. But needs to be Quality & have appropriate price action

Typical portfolio – “All-Opportunity”

Historical Characteristics:

~ 5 of the top 10 portfolio holdings in ASX50

2-3 of the top 10 portfolio holdings in ASX100

2-3 of the top 10 portfolio holdings in ASX300

1-2 of the top 10 portfolio holdings ex ASX300

Blue chip companies form the largest holdings, providing safety and liquidity

Additional value added through emerging/high growth stocks; overall a good blend of safety + performance

Top 10 companies regularly make up ~ 20 - 35% of portfolio and remaining holdings usually ~ 40 - 50% of Portfolio

- **Employ a larger number of smaller positions to mitigate risk whilst still being high conviction.**
- *Ordinarily 50 - 60 companies*
- Encompasses stocks in the accumulation or selling phases as well as trading positions

Steady ‘through-the-cycle’ balance of Cash

Top 10 Investments (KAT) Percentage of Portfolio Valuation as at 31/10/2024	
MINERAL RESOURCES LTD	4.5%
WESFARMERS LTD	4.3%
RESMED INC.	3.8%
ARCADIUM LITHIUM PLC	3.8%
TECHNOLOGY ONE LTD	3.6%
WEST AFRICAN RESOURCES LTD	3.4%
CSL LTD	3.3%
JUMBO INTERACTIVE LTD	2.7%
REGIS RESOURCES LTD	2.5%
WHITEHAVEN COAL LTD	2.3%
Top 10 Equity Investments	34.2%
Remaining Equities	61.9%
Cash and Equivalent	3.9%
Total	100.0%

Source: KAT
*For most recent Katana Capital Top10 and NTA, please refer to the Katana website.

Market Positioning Banks versus Resources



Market Positioning

Banks Trading at Highest Level on Record



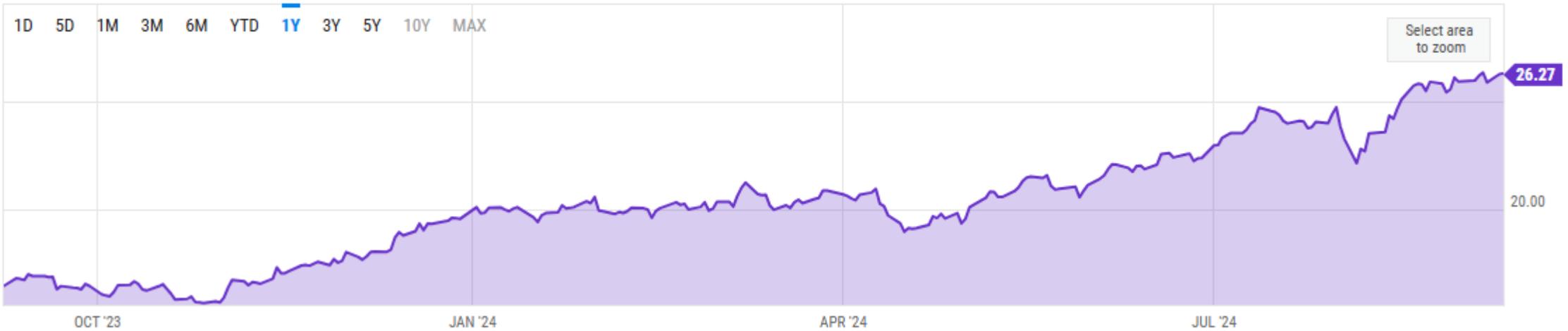
Market Positioning

PER Expansion not Earnings Growth

PE Ratio Chart



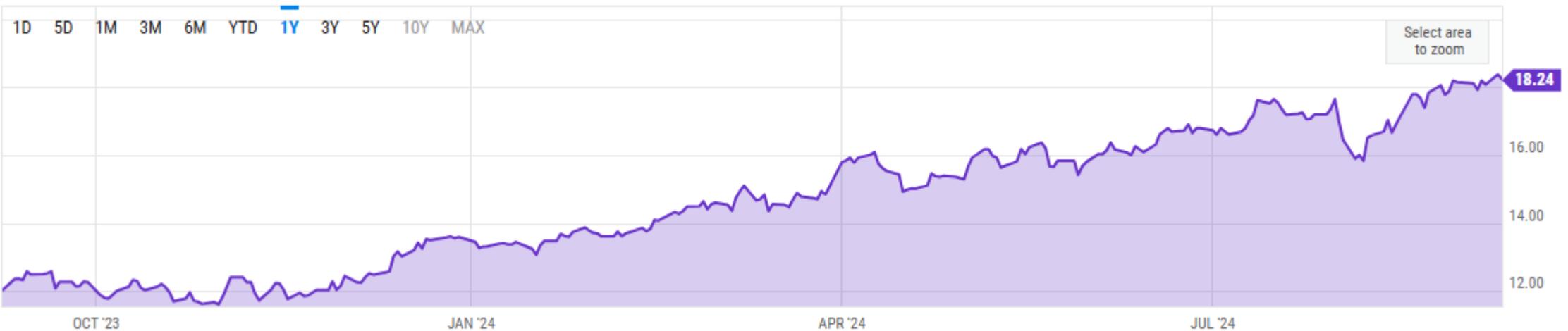
VIEW FULL CHART



PE Ratio Chart



VIEW FULL CHART



If you would like
more information
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