

Katana Capital Limited

NOVEMBER 2015

AGM PRESENTATION

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KATANA
ASSET MANAGEMENT LTD

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- **Key Metrics**
- **Personnel**
- **Investment Philosophy**
- **Portfolio and Top 10**
- **Performance History**
- **Dividends**
- **Outlook**

FY15 Performance vs Benchmark

- Investment Return -2.28% vs Benchmark (All Ords Index) +1.29%

In Context - 10 Year Performance vs Benchmark

- Outperformed the index benchmark in 8 out of 10 years

Dividends

- Paid 4x quarterly dividends totalling 6c per share (Average 50% franked)
- Dividend yield 7.6% partly franked at share price (19 November 2015: 79 cents)

FY16 YTD Outperformance

- YTD performance +1.15% vs Benchmark -2.98% (as at 19 Nov 2015)

Personnel

Investment Staff

MEMBER	TITLE	QUALIFICATIONS	YEARS INVESTING	SKILLSET & ORIENTATION
Romano Sala Tenna	Portfolio Manager	B.Bus (Distinction), Grad Dip Applied Investment Analysis, ADA 1&2, F.FINSIA	20	Bottom-up value investing: small-mid-large caps; fundamentally driven with technical analysis overlay; trend-following contrarian opportunities
Brad Shallard	Portfolio Manager	B.Bus (Accounting), CPA, Dip of FP, Grad Dip Applied Investment Analysis, ADA 1&2, F.FINSIA	20	Large cap growth (business model and management) and market generated opportunities; high-conviction mid-cap
Matthew Ward	Investment Manager	B.Econ (Honours), CA, ACA, Harvard Management Leadership	30+	Bottom-up value investing; high-conviction mid-cap and large-cap opportunities; industrial and financial services sectors; macro thematic
Giuliano Sala Tenna	Investment Manager	B.Bus (Distinction), Grad Dip Applied Investment Analysis, GAICD	15	Macro top-down liquid large cap opportunities, especially financial services and healthcare
Stephen Thomas	Senior Analyst	B.Science Royal School of Mines Imperial College London, MBA Cardiff Business School, AusIMM	25+	High conviction bottom-up mining opportunities especially copper, gold, nickel and iron ore; expertise in mining services and related sectors

Manager – Skills and Experience

- Combined direct investment experience of >100 years!
- Covers 4 stock market cycles
- Professional Qualifications - economics, business, accounting, investment analysis, mining, geology
- 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 ~20% of FUM
- 2nd Top Performing Long Only Fund Manager in 2014 out of >100 (source: Mercer)

Multiple Styles for Multiple Market Conditions:

- Fundamental combined with technical analysis
- Value and growth Investing
- Market experience and observation
- Comfortable to remain weighted in cash for extended periods
- Focused on capital preservation, so avoid companies with poor balance sheets, low/negative cash flow; below top-quartile management

Portfolio as at 31 October 2015

- Overweight Large Caps
- Largest holding is 4.3% of the fund
- 5 of the top 10 have substantial overseas operations
- Major banks acquired post recent sell off
- Typical portfolio:
 - Top 10 ~30-35%;
 - Remaining stocks 35-40%;
 - Cash ~20-35%
 - Large caps blended with emerging growth

Top 10 Investments

Percentage of Portfolio Valuation as at 31/10/15

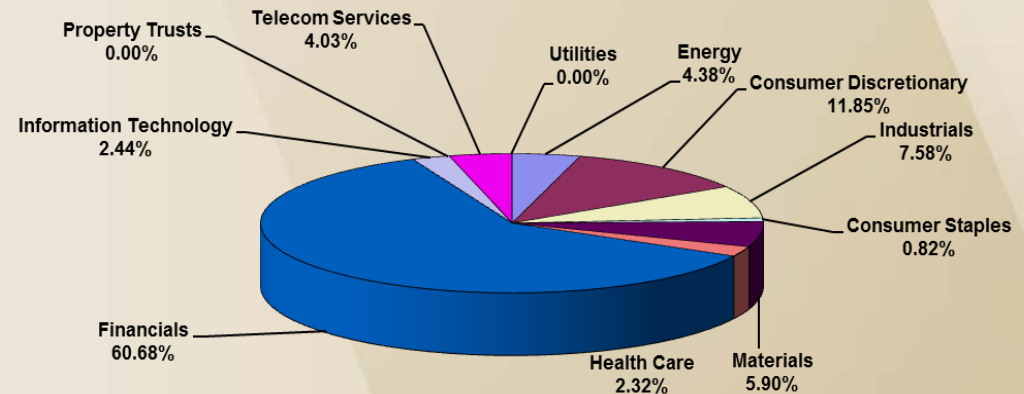
ANZ Banking Group Ltd	4.3%
Crown Resorts Ltd	3.8%
National Australia Bank Ltd	3.8%
BT Investment Management Ltd	2.9%
Telstra Corp Ltd	2.8%
Henderson Group PLC	2.8%
Santos Ltd	2.7%
HFA Holdings Ltd	2.6%
Pacific Current Group Ltd (ex Treasury Gp Ltd)	2.4%
Perpetual Ltd	2.3%
Top 10 Equity Investments	30.3%
Remaining Equities	38.6%
Cash and Cash Equivalents	31.1%
TOTAL	100.0%

Source: Katana Capital Ltd ASX Release
13/11/15

Active Weightings vs Index Benchmarks

- Overweight high conviction sectors eg Financial Services
- Underweight overvalued and/or structurally challenged sectors eg Materials, Utilities, Consumer Staples

Portfolio Holdings By GICS
31st October 2015



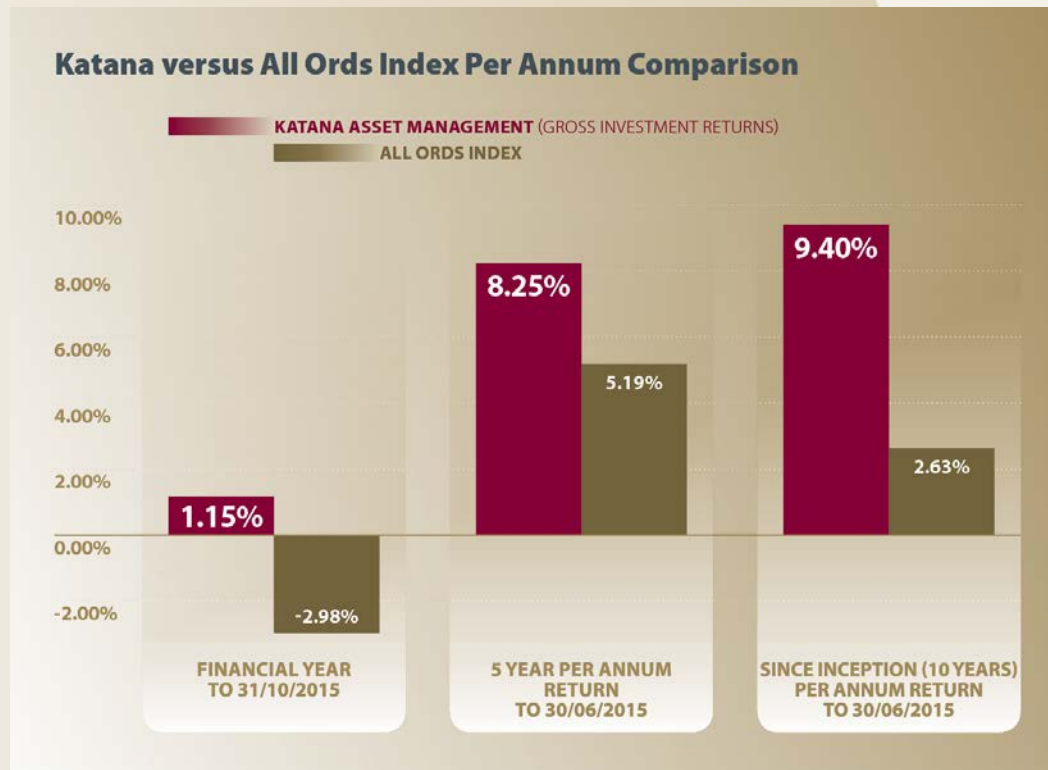
Source: Katana Asset Management

Performance History

vs Benchmark

Strong performance track record

- Positive performance over short, medium and long term
- Proven 10-year track record during challenging period (includes GFC)
- Prepared with skills and experience for future challenges



Note:

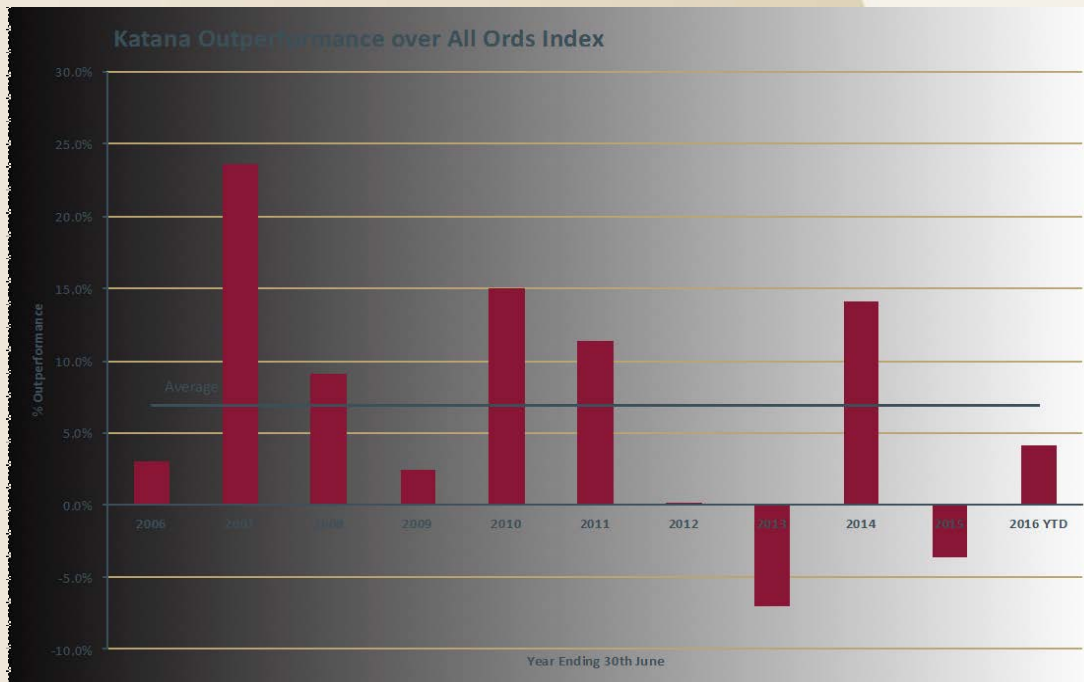
- 1 Past performance is not necessarily indicative of future performance
- 2 All investment returns quoted above are pre-tax and pre-fees and calculated on an annualized basis

Source: Katana Capital Ltd ASX Releases 8

Performance History

Significant (Gross) Out-Performance

- Since listing in December 2005:
- Out-performed benchmark in 8 out of 10 years
- Out-performed benchmark by an average of 7.12% pa



Note:

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- 2 All investment returns quoted above are pre-tax and pre-fees and calculated on an annualized basis

Source: Katana Capital Ltd ASX Releases

Dividend History

- Paid dividends every year since listing
- Four quarterly dividends of 1.5cps = 6 cents in FY15 (average 50% franked)
- Quarterly dividends provide regular cash flow to yield conscious investors
- Dividend Reinvestment Plan - company purchases shares on market so no dilution

Future Dividends

- Intend to pay 1.5c/qtr in FY16 subject to available profit reserve/franking credits, Katana Capital board approval and legislative compliance
- Equates to 7.6% plus franking credits (share price 79c as at 19 November 2015)

Macro Environment

- Low global growth and lower than normal interest rates
- US economy improving with interest rate rise end 2015 or early 2016
- Low growth in Europe and Japan with negative interest rates and quantitative easing remaining in 2016
- China growth slowing and moving towards a service economy
- Australia rebalancing growth away from mining towards services (health, education, tourism, etc)

• Strategies

- Focus on quality growth and high sustainable dividend paying companies
- Maintain exposure to companies with operations overseas as low Australian growth
- Maintain exposure to growth themes (ageing population, services, Asia population)
- Be patient and fine tune entry points as market volatility likely to continue

Thank You

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