BAZA HIGH CONVICTION FUND
QUARTER ENDED 31 DECEMBER 2020

BAZA CAPITAL

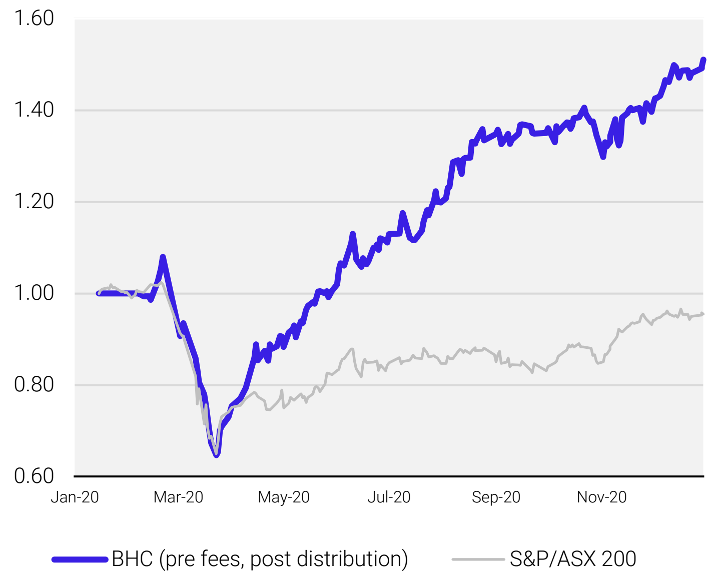
KEY METRICS FOR DECEMBER QUARTER 2020

+18.2% Absolute quarterly performance[1]	**+4.9%** Relative outperformance vs. S&P/ASX 200 index during quarter[2]	**A$1.510** Unit price, 31-Dec-20[2]	**+54.3%** Performance since inception (Jan-20)[2]

KEY METRICS FOR DECEMBER QUARTER 2020

BHC unit price (pre fees and distribution)	A$1.529
Performance fees for quarter	(A$0.019)
Unit price post fees, pre distribution	A$1.510
Distribution this quarter	-
Unit price post distribution and fees	A$1.510
BHC performance in quarter (post fees)	+18.2%
S&P/ASX 200 (Benchmark) performance	+13.3%
Outperformance of BHC in quarter	+4.9%
BHC cumulative return since inception[1]	+54.3%

HISTORICAL PERFORMANCE CHART



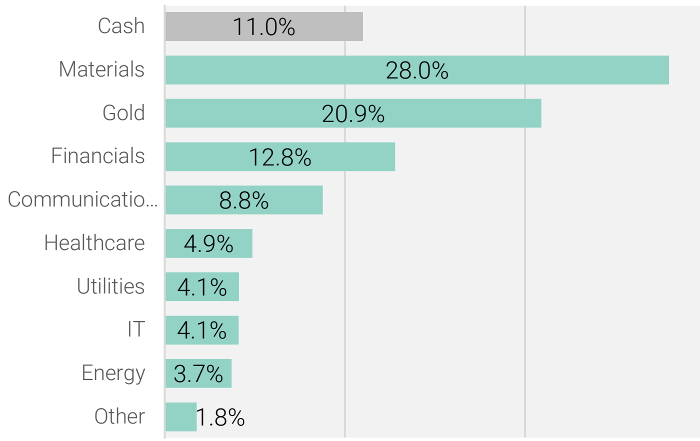
FUND SNAPSHOT

Inception:	15 January 2020
Structure:	Unit trust
Management fee:	Nil
Performance fee:	22.5% (excl. GST) above Benchmark
Benchmark:	S&P/ASX 200

Top 5 portfolio holdings (as at 31 December 2020):

Calidus Resources	6.6%
Sheffield Resources	5.2%
Frontier Digital Ventures	5.1%
Australian Ethical Investment	4.9%
Bell Financial Group	4.4%

PORTFOLIO WEIGHTING



1 Post fees and expenses
2 Includes A$0.023 distribution declared 30 June 2020

BAZA HIGH CONVICTION FUND
QUARTER ENDED 31 DECEMBER 2020

BAZA CAPITAL

COMMENTARY

BHC outperformed the Benchmark by 4.9% for the quarter and 60.1% for the year

The Fund continued its strong performance in the December quarter, with an increase in unit price of 18.2% to A$1.510 post fees and expenses. This compares to the S&P/ASX 200 index (**Benchmark**) which increased by 13.3% over the same period, an outperformance by the Fund of 4.9%.

For the 12 months since inception in January 2020, the Fund has delivered total returns of 54.3% post fees and expenses.

Summary of the key contributors and detractors for the December quarter:

Top 3 contributors for December quarter	
Tombador Iron (ASX: TI1)	+3.0%
Peninsula Resources (ASX: PEN)	+2.5%
Dorsavi (ASX: DVL)	+2.3%
Top 3 detractors for December quarter	
Pan Asia Metals (ASX: PAM)	(1.0%)
Norwest Minerals (ASX: NWM)	(0.9%)
Betashares bear hedge product (ASX: BBOZ)	(0.6%)

Markets moving into overdrive despite persistent uncertainty

The S&P/ASX 200 posted its best month on record in November, driven by positive COVID-19 vaccine developments. The index was up 10.0% in November and 13.3% for the December quarter. Global equity markets recorded similar results, with the Dow Jones up 10.1% and the FTSE 100 up 10.2% for the quarter. With an end in sight for the COVID-19 pandemic, it appears investors are prepared to stare down continued economic and geopolitical uncertainty and re-invest in equity markets at increasingly higher valuations. A common narrative is that equity markets are becoming the 'only game in town' for investment returns, with cash and bonds generating dismal returns with interest rates near zero. There is a possibility that this could result in rapid price inflation for equities, particularly as equity yields are bid lower in an asymptote-like scenario (for example, if investors are prepared to bid the long-term dividend yield of company from 3% to 2%, this would theoretically result in a 50% appreciation in share price).

Market leaders continue to be strong winners

As outlined in the September quarter report, the Fund has selected and maintains a long-term exposure to a group of companies set to further their positions of market leadership. Our holdings include Frontier Digital Ventures (ASX: FDV), Australian Ethical (ASX: AEF), Monash IVF (ASX: MVF) and Rhipe (ASX: RHP). Refer to pages 3 and 4 for further detail on these companies.

An increasing likelihood of reflation in 2021

Although the zero-rate scenario is long-term (or even medium-term) unsustainable and dangerous, the resilience that the equity market has shown in the face of the uncertain US election and renewed COVID lockdowns indicates that bidding up equity yields is a driving force of equity markets. An alternative path out of this scenario could be through the return of inflation and resetting global interest rates to more 'normal' levels. Governments and central banks have also indicated their desire to generate inflation, either through explicit statements (like the US Fed) or as a result of the stimulus actions we are seeing globally.

We remain overweight base metals and added iron ore…

If there is a return of inflation, particularly with a weakened US dollar and a China-led recovery, then we could see the return of a commodity super-cycle not seen since the highs of 2011. Most likely candidates are iron ore, base metals and those tied to the dominant electrification thematic. The Fund has established a large position in base metal producers and developers.

In November, following the news that Vale's iron ore production from Brazil for 2021 would be lower than expected, we formed a view that high iron ore prices could continue in the short term. We analysed and invested in 3 junior developers with near-term production capability, including Tombador Iron (ASX: TI1), Strike Resources (ASX: SRK) and CZR Resources (ASX: CZR).

…but remain relatively liquid and nimble in the face of vaccine roll-out headaches

Our key concern is that the approved COVID-19 vaccines will not be rolled out fast enough to generate herd immunity. We maintain a database of vaccine roll-out rates announced by governments and the early signs are that key nations (USA, UK, mainland Europe) are lagging the rates required to fully immunise (2 jabs) 70-80% of its population by the end of 2021. If annual dosages are required, we may be faced with the possibility that COVID-19 will not be controlled and suppressed economic activity will persist. This could trigger a correction in equity markets and heighten the need for ongoing stimulus, hence the Fund maintains a balanced exposure to gold and companies with high liquidity in order to manage positions quickly if required.

BAZA HIGH CONVICTION FUND
QUARTER ENDED 31 DECEMBER 2020

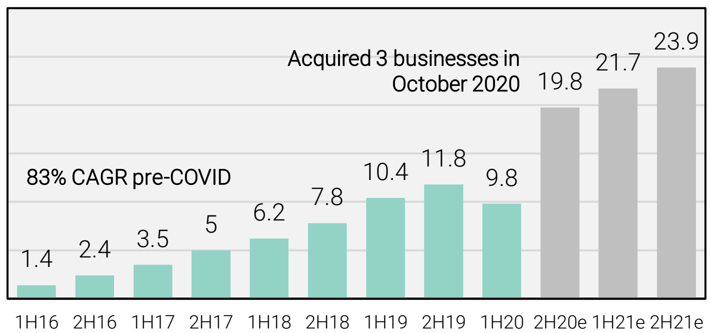
BAZA CAPITAL

CASE STUDIES

Frontier Digital Ventures

- Frontier Digital Ventures (ASX: FDV) focuses on developing online businesses and owns 15 online portals (similar to realestate.com.au) in emerging markets such as Pakistan, Phillipines, Morocco and Uruguay.
- Each of the 15 portals is a market leader in its geography, which is key in an industry which relies on network effects and is 'winner-takes-all'
- FDV owns between 26% to 100% of these portals, with the remainder being owned mainly by the founders who remain in the business
- FDV management have a fantastic track record, this is the third time they have built a successful online classifieds business. Shaun was the former International GM at REA Group (until 2010). Then he was the CEO of iPropertyGroup, taking it from A$10m to A$750m when it was acquired by REA Group in 2014
- They have a highly concentrated share register with a number of high-quality institutional investors present (including Fidelity, SmallCo, Barca Global, Tribeca and PM Capital

Half year revenue (A$M, Baza Capital forecasts)



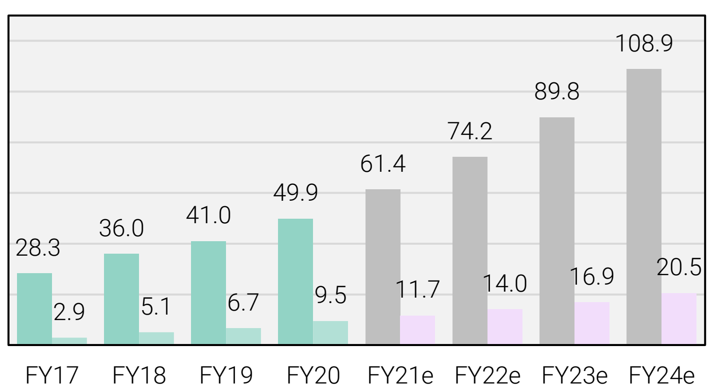
Key risks

- Geopolitical risks in Pakistan (its largest exposure) and other countries
- Australian dollar appreciation (revenue is local or US$ based)
- CEO departure
- Facebook marketplace (or similar) disrupts business in emerging markets

Australian Ethical Investment

- Australian Ethical Investment (ASX: AEF) is the largest fund manager in Australia with 100% focus on ethical investment with strict ESG parameters
- Its first mover advantage has solidified its reputation for 'genuine ESG' within the market and resulted in FUM growth of ~20-30% p.a.
- Despite being one of the most recognized superannuation brands in the sector, it has a market share of super FUM of only ~0.2%
- It is currently benefiting from the tailwinds of ESG investing, the financial expansion of its target market (millennials) and strong superannuation system growth of ~9-10% p.a.
- AEF has a well tuned marketing department with a broad digital presence and a low customer acquisition cost of ~A$900 per customer (compares with the lifetime value of a customer of >A$10,000)
- It has a highly scalable business model, particularly with its digital marketing team, so profitability is expected to improve with FUM growth

Revenue and NPAT (A$M, Baza Capital forecasts)



Key risks

- Regulations which limit the marketing ability of superannuation funds
- Competing ESG products from major superannuation funds
- Continued fee pressure which could erode profit margins
- Negative fund manager performance
- Inability to attract/retain star fund managers

BAZA HIGH CONVICTION FUND
QUARTER ENDED 31 DECEMBER 2020

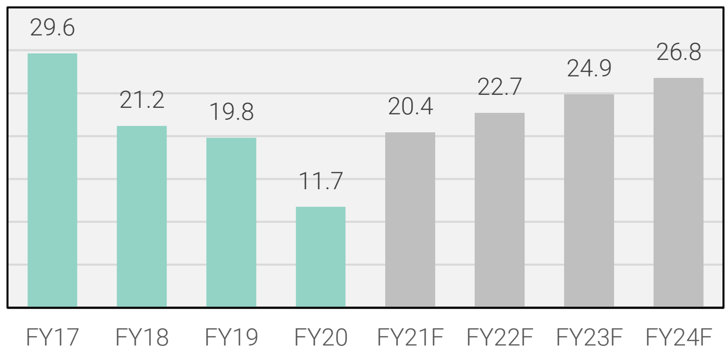
BAZA CAPITAL

CASE STUDIES

Monash IVF Group

- Monash IVF Group (ASX: MVF) is a leader in human fertility services and specialist women's imaging services in Australia and Malaysia
- Identified as a contrarian investment opportunity during the height of the COVID disruption following the shutdown of 'elective surgery' and an effective recapitalisation for the company
- Strong cash flow generating business in Australia and compelling growth prospects in Malaysia and other Asian countries
- Strong rebound in operational volume since COVID disruption
- The period from 1 July to 31 October 2020 has delivered strong growth on previous corresponding period and an increase in market share; pipeline is strong
- Recommencement of dividend payments flagged (subject to business performance and any further adverse implications from COVID)

Net profit (A$M, Baza Capital forecasts)

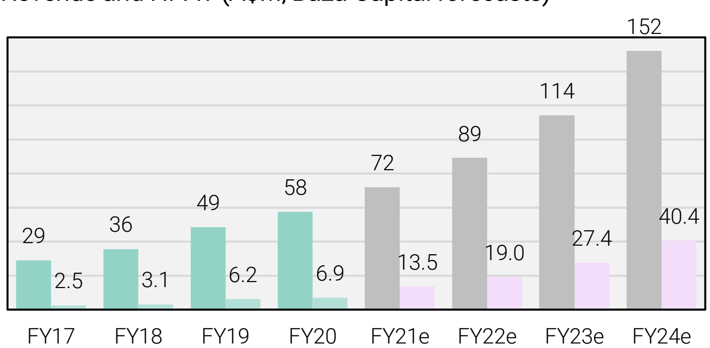


Key risks
- Further COVID outbreaks restricting operations
- Performance of expansion plans in Asia
- Reputational damage
- Change in Australian Government subsidies

Rhipe

- Rhipe (ASX: RHP) is a software platform that facilitates the sale and billing of Microsoft (and Adobe) products in the Asia Pacific region (ex China)
- Leveraged to the penetration of software and Microsoft in the Asia Pacific region, with increasing expenditure on Microsoft cloud and Azure suites
- RHP management are former Microsoft sales GMs who have secured an exclusive license to distribute the Microsoft suite in APAC
- Aside from commission on sales, they also have an IT services business where they advise companies on moving data to cloud services
- Suffered a slowdown in revenue due to COVID, but longer-term structural changes (to cloud, and APAC GDP growth) remain intact
- Supports over 3,000 IT vendors in APAC, who are largely responsible for SME technology roll-outs in the region

Revenue and NPAT (A$M, Baza Capital forecasts)



Key risks
- Integration issues with newly acquired businesses
- Issues with Microsoft sales exclusivity
- Continued shutdowns in Asia Pacific nations may limit sales growth
- Increased competition with other IT resellers

For further information please contact:

William Sandover
Chief Investment Officer
ws@baza.capital
+61 499 776 998

Brayden McCormack
Chief Strategy Officer
bm@baza.capital
+61 401 025 296