

BAZA HIGH CONVICTION FUND QUARTER ENDED 30 JUNE 2021



KEY METRICS FOR JUNE 2021 QUARTER

+9.1%

Return for the quarter¹

+1.4%

Outperformance vs. S&P/ASX 200 during quarter¹

A\$1.785

Unit price pre distribution, 30-Jun-21¹

+82.4%

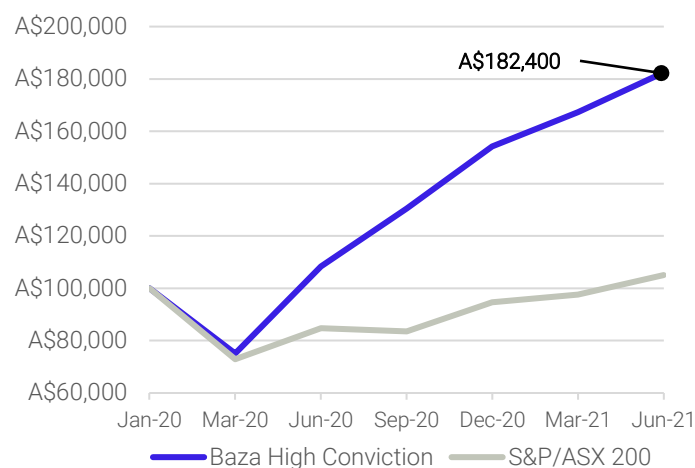
Return since inception (Jan-20)²

KEY METRICS FOR JUNE 2021 QUARTER

Unit price (pre fees, expenses & distribution)	A\$1.792
Fees & expenses for quarter	(A\$0.007)
Unit price post fees, pre distribution	A\$1.785
Distribution this quarter	A\$0.647
Unit price post distributions and fees	A\$1.138
Performance in quarter (post fees & expenses)	+9.1%
S&P/ASX 200 (Benchmark) performance	+7.7%
Fund outperformance in quarter	+1.4%
Return since inception ¹	+82.4%

HISTORICAL PERFORMANCE

Value of A\$100,000 invested at inception²



FUND SNAPSHOT

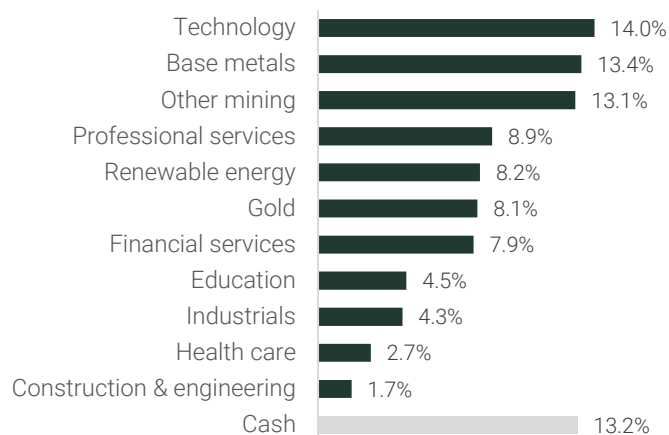
Top 5 portfolio holdings (as at 30 June 2021)

Caravel Minerals (ASX: CVV)	5.7%
Rhipe (ASX: RHP)	5.5%
New World Resources (ASX: NWC)	4.8%
Frontier Digital Ventures (ASX: FDV)	4.7%
Cirrus Networks (ASX: CNW)	4.6%

Important note: The Benchmark will change from the S&P/ASX 200 Index to the S&P/ASX Small Ordinaries Accumulation Index from 1 July 2021
See page 3 and the Information Memorandum for further details

PORTFOLIO WEIGHTING

As at 30 June 2021



¹ Post fees and expenses

² Assumes reinvestment of distributions (A\$0.023 declared 30-Jun-20 and A\$0.65 declared 30-Jun-21)

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The Fund returned 9.1% for the quarter, outperforming the Benchmark by 1.4%

The Fund delivered an increase in unit price of 9.1% for the quarter ended 30 June 2021. This compared to the S&P/ASX 200 index (current Benchmark) which increased by 7.7% over the same period. The Fund's outperformance was tracking much higher in early June but a minor sell-off in commodities narrowed the gap. The S&P/ASX Small Ordinaries Accumulation Index (new Benchmark) increased by 8.5% over the quarter.

Since inception in January 2020, the Fund has delivered total returns of 82.4% post fees and expenses.

Summary of the key contributors and detractors:

Top 3 contributors for June 2021 quarter

Caravel Minerals (ASX: CVV)	+4.3%
Peninsula Mines (ASX: PEN)	+1.4%
New Century Resources (ASX: NCZ)	+1.3%

Top 3 detractors for June 2021 quarter

SkyFii (ASX: SKF)	(3.2%)
mPower (ASX: MPR)	(1.6%)
Vital Metals (ASX: VML)	(1.1%)

Fund performance during the quarter was driven by strong performance from our base metal exposures

Exposure to copper and other base metals, performed well through April, May and early June as strong economic growth and expectations of inflation led investors to stocks that would benefit from these dynamics. Strong momentum was observed in equities across the board as it became clear the global reopening trade would be realised, particularly in the USA where vaccinations have been particularly prolific and effective.

However, US Federal Reserve Chair Jeremy Powell poured cold water on long term inflation expectations in June, labelling the heightened inflation conditions as 'transitory'. There were also reports that the Chinese government would manipulate commodity markets by dumping inventories (namely copper and iron ore) to limit the raw input inflation that is hurting its manufacturing resurgence and steel mills post COVID. Both factors led to a decline in the copper price in May and June.

Further, there appeared to be a broad-based sell-off in micro-cap equities; tax-loss selling and portfolio rationalisation after a very successful year for investors in the space.

This led to a bifurcation in ASX-listed large-caps (strong performance) and micro-caps (flat to weak) into the end of the financial year, reducing the Fund's outperformance to 1.4%.

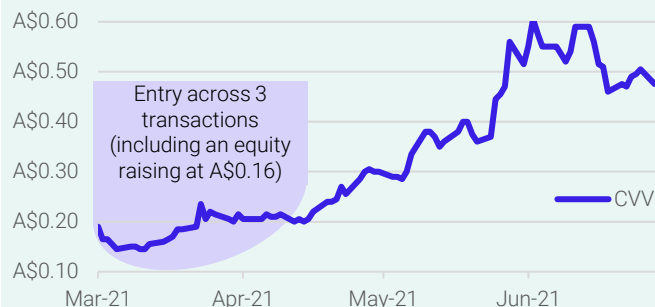
Equity markets could be volatile over the next 6-12 months

Our view is that tailwinds remain in place for continued growth in equities in 2021, with resistance from central banks to increasing interest rates and an abundance of cheap liquidity. Key concerns are cost inflation and pronounced regulatory burdens (e.g. taxes and COVID requirements) which could erode profitability and may disproportionately impact smaller companies that are challenging for market share (as opposed to established players). Given these dynamics, quality management is as important as ever. Accordingly, we have been reviewing exposures and prioritising engagement with management teams.

We added several exposures during the quarter after data-driven funneling, fundamental valuations of the resulting shortlist and, ultimately, detailed management meetings. The Fund commenced investment in Empired (ASX: EPD), an IT services provider, and Gale Pacific (ASX: GAP), a marketer and manufacturer of branded screening and shading products for domestic, commercial and industrial applications.

Caravel Minerals: the strongest performer for the quarter

Caravel Minerals (ASX: CVV) is the Fund's largest exposure. They own 100% of a very large, low-grade copper deposit located 150km north-east of Perth. It is a marginal asset and therefore highly leveraged to the copper price. Despite the strong performance of Caravel up to this point – up 3-4x since initial entry – our valuation at spot copper prices remains multiples of the current price.



Skyfii: the key detractor

Skyfii (ASX: SKF) designs and sells Wi-Fi-linked people counting and data trackers, along with software dashboards that facilitate safer and smarter data-driven venue management. In April 2021, the company launched an unexpected equity raising and acquisition. The structure and timing was not well received, and the price collapsed below the offer price and continued to fall, down 45% over the quarter. Although we remain bullish on the outlook for revenue growth, this situation is an acute example of the impact of capital markets dynamics in small-cap investment.

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FUND SNAPSHOT

The Baza High Conviction Fund is a long only small-cap fund targeting undervalued, emerging companies on the ASX. It has a high risk, high return profile, providing exposure to high growth and/or under-appreciated companies.

The Fund utilises strict responsible investment screening parameters; both positive and negative.

Inception	15-Jan-20
Structure	Unit trust
Management fee	1.5% (incl. GST) from 1 July 2021
Performance fee	20.0% (incl. GST) above benchmark from 1 July 2021
Benchmark	S&P/ASX Small Ordinaries Accumulation Index (post management fee & expenses) from 1 July 2021
Unit pricing, applications and redemptions	Monthly from 1 July 2021
Eligible investors	Wholesale Investors, as defined in the Corporations Act 2001 (Cth)
Distributions	Annually, post 30-Jun, and at the Trustee's discretion

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RESPONSIBLE INVESTMENT OVERVIEW

Positive screens (non-exhaustive, up to 25% scale-up)	
Renewable energy	Efficient transport
Recycling	Sustainable products
Healthy foods	Healthcare & wellbeing
Education	Electrification
Direct investment	Strong diversity policies, reporting and practices

Negative screens	Threshold
Fossil fuel exploration, development or production	Zero tolerance
Provision of significant services to fossil fuel industry	25%+ of focus or revenue, no investment
Excessive carbon emissions	Zero tolerance if no transition, management or offset plans or processes
Gambling or tobacco	Zero tolerance
Old growth logging, destruction of ecosystems or animal cruelty	Zero tolerance
Military technology or armaments	Zero tolerance
Carbon intensive agriculture	25%+ of focus or revenue, no investment

The Fund investigates the diversity of Boards and senior management, and policies and reporting relating to diversity, prior to investment.

Further information on responsible investment policies can be found in the Baza High Conviction Fund Information Memorandum, available by request.

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