

# BAZA HIGH CONVICTION FUND MONTH ENDED 31 AUGUST 2021

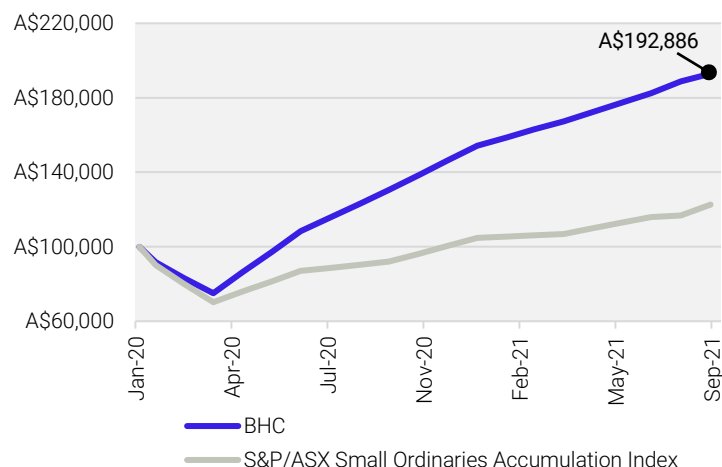


## KEY METRICS FOR MONTH

Unit price (pre fees, expenses & distribution)	A\$1.207
Fees & expenses for month	(A\$0.004)
Unit price post fees & expenses, pre distribution	A\$1.203
Distribution	-
Unit price post distributions, fees & expenses	A\$1.203
Performance in Aug-21, post fees & expenses	+2.1%
S&P/ASX Small Ords Accum. Index (Benchmark) return	+5.0%
Fund outperformance in Aug-21 <sup>1</sup>	(2.8%)
Return since inception <sup>1</sup>	+92.9%

## HISTORICAL PERFORMANCE

### Value of A\$100,000 invested at inception



## HISTORICAL RELATIVE PERFORMANCE

	Fund return <sup>1,2</sup>	S&P/ASX Small Ords Accum. Index	Out-performance
1 month	+2.1%	+5.0%	(2.8%)
2 months	+5.7%	+5.7%	-
Since inception <sup>3</sup>	+92.9%	+22.6%	+70.3%
Since inception (annualised) <sup>3</sup>	+49.6%	+13.3%	+36.3%

## COMMENTARY

The Baza High Conviction Fund (Fund) returned +2.1% during August, underperforming the S&P/ASX Small Ordinaries Accumulation Index (Benchmark) by 2.8% as it recorded its strongest month for 2021. The underperformance was largely due to the Fund's overweight position in commodities relative to the Benchmark.

The Fund's positive performance for August was driven by broad gains across the portfolio, with some standout performances from rare earths developer Vital Metals (VML, +39%), assistive reproductive service provider Monash IVF (MVF, +15%) and IT professional service provider Cirrus Networks (CNW, +17%).

Vital Metals is developing its Nechalacho rare earths project in Northwest Territories, Canada. In August it announced the acquisition of another heavy rare earths project in Quebec, Canada, which will diversify its rare earths product supply. Rare earths are critical metals used in the development of magnets for electric vehicle drivetrains and wind turbines, as well as computers and cell phones.

Key detractors for the month were shading fabric manufacturer Gale Pacific (GAP, down 14%), gold explorer Medallion Metals (MM8, down 14%) and copper developer New World Resources (NWC, down 13%). Gale Pacific suffered a pull back following the release of results that guided to a softer revenue outlook for 1H FY22. Subsequent discussions with management confirmed this was largely anticipated given the cyclical nature of its sales into North America and the Australian grain season.

The Fund also commenced positions in two new exposures, diagnostic imaging provider Capitol Health (CAJ) and electric scooter and motorcycle manufacturer Vmoto (VMT). Capitol Health owns and operates 63 clinics predominantly in Victoria with a small footprint in Tasmania, South Australia and Western Australia. It has recently gone through a transitional period with a new CEO/CFO and cost optimisation process. The sector is undergoing significantly consolidation creating an opportunity for CAJ as an acquirer or target. Furthermore, we expect a backlog of diagnostic imaging to propel revenue once 70%/80% thresholds are reached and Victoria properly re-opens.

The Fund lifted positions in key holdings into the month end given substantial investment inflows from new and existing unitholders during August. The Fund held 12.7% cash as at 31-Aug-21.

1. Post all fees and expenses

2. Assumes reinvestment of distributions (A\$0.023 declared 30-Jun-20 and A\$0.647 declared 30-Jun-21)

3. Since inception date of 15-Jan-20; only 1 month and 2 month performances are shown given the recent move to monthly unit pricing (from quarterly)

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

## 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

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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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