

BAZA HIGH CONVICTION FUND QUARTER ENDED 30 SEPTEMBER 2021



KEY METRICS FOR SEPTEMBER 2021 QUARTER

+2.9%
return for the quarter¹

-0.6%
performance vs.
S&P/ASX Small Ords
Accum. Index during
quarter¹

A\$1.171
unit price, 30-Sep-21¹

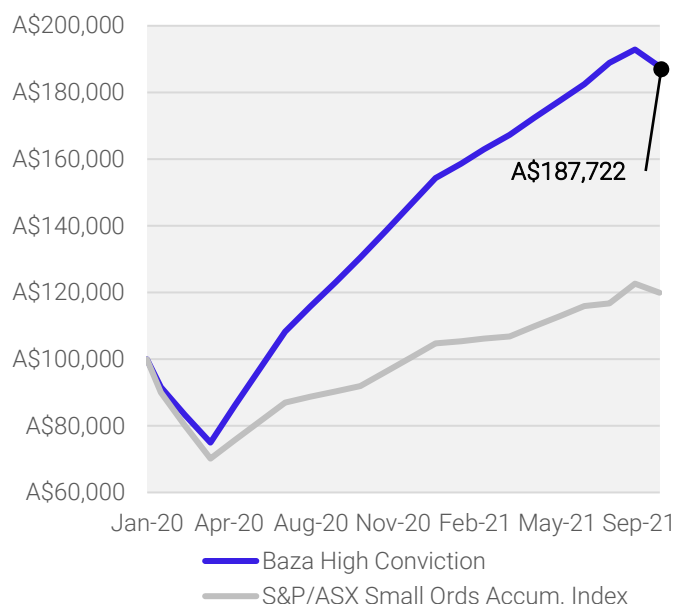
+87.7%
return since inception^{1,2,3}

KEY METRICS FOR SEPTEMBER 2021

Unit price (pre fees, expenses & distribution)	A\$1.173
Fees & expenses for month	(A\$0.002)
Unit price post fees & expenses, pre distribution	A\$1.171
Distribution this month	-
Unit price post distributions, fees & expenses	A\$1.171
Performance in month post fees & expenses	-2.7%
S&P/ASX Small Ords Accum. (Benchmark) perf.	-2.1%
Fund performance in month vs. Benchmark	-0.5%

HISTORICAL PERFORMANCE

Value of A\$100,000 invested at inception^{1,2,3}



1 Post fees and expenses
2 Assumes reinvestment of distributions (A\$0.023 declared 30-Jun-20 and A\$0.647 declared 30-Jun-21)
3 Fund inception was 15-Jan-21

HISTORICAL RELATIVE PERFORMANCE

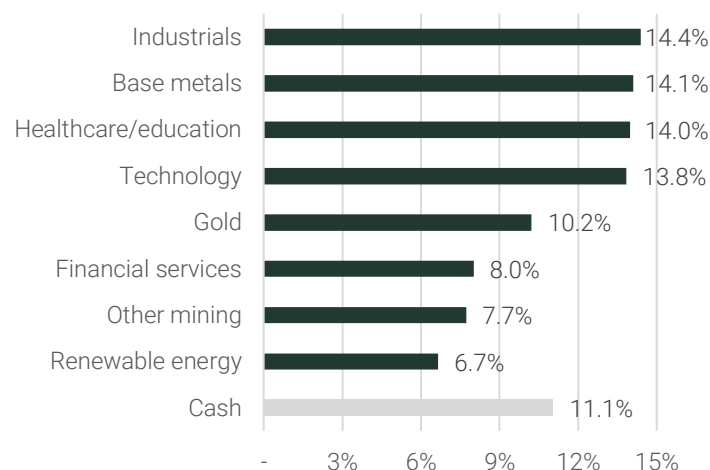
	Fund return ^{1,2}	S&P/ASX 200 Accum. Index	Fund out-performance
1 month	-2.7%	-2.1%	-0.5%
3 month	+2.9%	+3.4%	-0.6%
1 year	+43.8%	+30.4%	+13.4%
Since inception	+87.7%	+20.0%	+67.8%
Since inception (annualised)	+44.5%	+11.2%	+33.2%

PORTFOLIO SNAPSHOT

Top 5 holdings (as at 30 September 2021)

1	HRL Holdings	HRL.ASX	5.3%
2	Frontier Digital	FDV.ASX	5.2%
3	Money3	MNY.ASX	5.0%
4	Monash IVF	MVF.ASX	5.0%
5	NEW Energy Solar	NEW.ASX	4.4%

Sector exposure (as at 30 September 2021)



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The Fund returned 2.9% for the quarter, underperforming the Benchmark by 0.6%

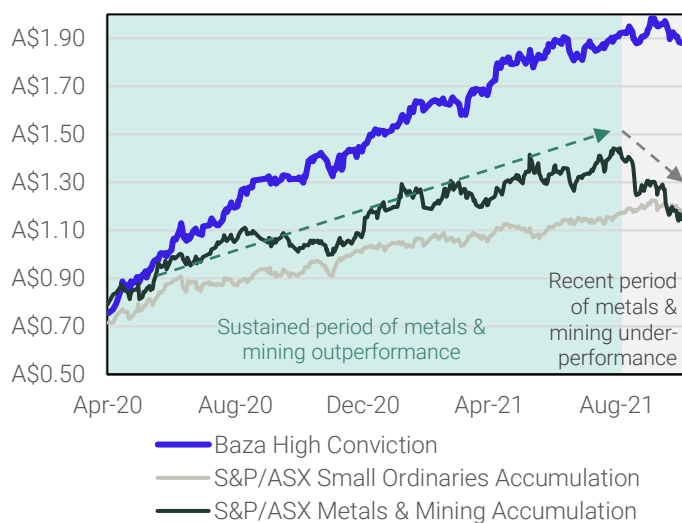
The Fund delivered an increase in unit price of 2.9% for the quarter ended 30 September 2021. This compared to the S&P/ASX Small Ordinaries Accumulation Index (Benchmark) which increased by 3.4% over the same period.

The Fund's underperformance was largely attributable to a higher base metals exposure than the Benchmark

Metals & mining had a difficult quarter in line with fears that Chinese property giant Evergrande's collapse could lead to a demand shock in China's property sector, which is a major consumer of iron ore, copper and other metals. Iron ore is also suffering from a steep decline in pricing toward its cost curve which is dominated by cheap supply from the Pilbara (WA) and Brazil.

In line with this, the Fund's base metals exposures (which include copper, nickel and zinc projects) detracted from returns for the quarter. The Fund's base metals exposure reduced performance by 3.4%, in what was a strong quarter for the rest of the portfolio.

The underperformance of mining companies was evident across the ASX. The chart below shows the sustained relative outperformance of metals & mining vs. the Benchmark post the COVID disruption through to July 2021, only recently underperforming (all rebased to BHC unit price).



The Fund will continue to hold a relatively high base metals and broader metals & mining exposure

At at 30-Sep-21 the Fund held a 14% exposure to base metals and 18% exposure to other mining and gold. This compares

to the Benchmark which has an exposure of 21% to metals & mining companies.

Metals & mining has been a strong contributor to the Fund's outperformance, accounting for ~60% of returns since inception, despite the majority of the portfolio being invested in non-mining industries over this period. We believe the structural tailwinds for continued metals & mining outperformance are in place, driven by persistent (vs. transitory) inflation, the continued debasement of fiat currencies, and the accelerating transition to an electrified economy. Indeed, despite the underperformance of base metals in the quarter, other mining and gold were our number 1 and 2 sector returns, respectively.

Top 2 sector contributors for September 2021 quarter

1	Other mining	2.4%
2	Gold	2.1%

Top 2 sector detractors for September 2021 quarter

1	Base metals	-3.4%
2	Industrials	-0.9%

We are accumulating exposures to some of the best mining development projects in copper, rare earths, nickel and lithium and are comfortable taking a positive long-term view on these commodities. We believe that an Evergrande collapse could be unpalatable for the Chinese government, particularly given increasing geopolitical posturing, so we expect intervention to prevent contagion. Intervention would also be in line with prior decisions of the Chinese government to control private markets to suit political ends. Our current view is that Evergrande concerns are outweighed by the compelling medium- and longer-term prospects for metals & mining.

Further, it is our belief that metals & mining can provide strong ESG outcomes when the right management, planning, power mix, stakeholder management and metal output (among other items) is exhibited.

The Fund maintains its large exposure to health care and industrials businesses with defensive revenue streams

The Fund's largest holdings include exposure to companies with established profitability and defensive revenue streams trading at a significant discount to assessed fundamental value. *Some examples are provided overleaf.*

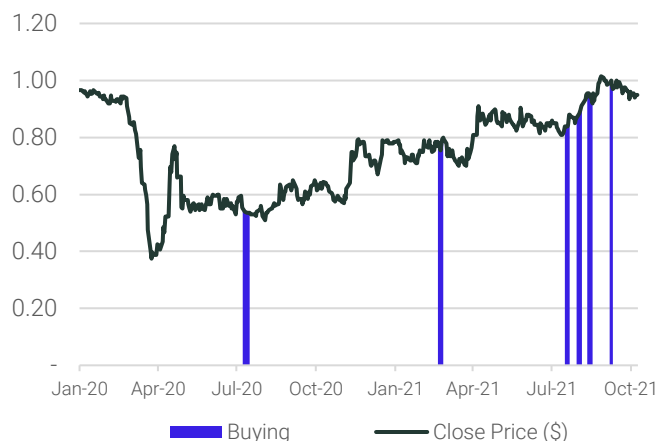
BAZA HIGH CONVICTION FUND QUARTER ENDED 30 SEPTEMBER 2021



Monash IVF (MVF.ASX)

- MVF is a leader in human fertility services and specialist women's imaging services in Australia and Malaysia
- The Fund has been invested for ~15 months after recognising the tailwinds in the reproductive assistance sector and gaining confidence in the company's turnaround strategy
- Strong operational and financial performance confirmed for FY21
 - Net profit after tax increase of 61.5%
 - Industry IVF volumes were up 31.3% with MVF increasing market share by 0.6%
- Currently experiencing a backlog of demand due to COVID, we expect further appreciation as monthly Medicare statistics confirm the increased demand in line with re-opening

MVF share price & Fund purchasing (A\$)



Gale Pacific (GAP.ASX):

- Manufactures and distributes sun shading and screening products with dominant position in key distribution outlets, Australia and the USA
- Trading cheaply at 10x P/E ratio and an 11% dividend yield, we see revenue supported by the push to COVID-safe outdoor settings and sun-smart solutions

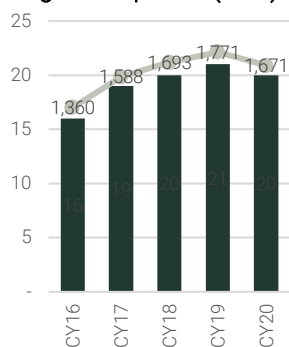
New Energy Solar (NEW.ASX):

- Operator of renewable energy projects with an average of 15 years of contracted revenue per project
- Trading at a large discount to NTA with increasing Board focus on closing this gap through capital management (buy-back recently announced) and active portfolio management (e.g. asset sales)

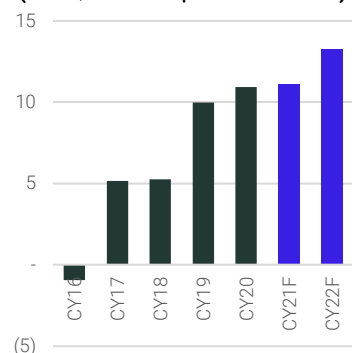
Mayfield Childcare (MFD.ASX)

- MFD currently owns and operates 20 childcare centres in and around metropolitan Melbourne
 - Business model involves growth through acquisition of existing childcare businesses and upgrading them to meet 'excellent' standards under National Quality Framework
 - MFD has seen significant growth in EBITDA despite a relative stagnation in number of centres since CY17
 - The company has managed COVID effectively and Federal Government funding initiatives, strong management and a disciplined approach to incremental M&A into the future, give us confidence that MFD is set for a period of sustained growth
- Increasing regulatory burden and COVID restrictions provide fertile conditions for the roll-up to succeed
- Currently trading at 9x P/E ratio and 3x EV/EBITDA

Childcare centres (LHS) & registered places (RHS)



EBITDA (A\$M, Baza Capital forecasts)



HRL Holdings (HRL.ASX):

- Environmental laboratory services with revenue underpinned by government and health directives
- Trading at 8x EV/EBITDA and approaching an inflection point in profitability as revenue scales

Portfolio outlook

Our view is that, despite some recent apprehensions (including, but not limited to, Evergrande's debt servicing issues, US debt ceiling posturing, inflation fears, and the Facebook outage and scandals), tailwinds remain in place for further growth in carefully selected equities in the last quarter of CY2021. Interest rates remain low, stimulus high, and returns are difficult to find in other asset classes.

The Fund remains close to fully invested.

BAZA HIGH CONVICTION FUND QUARTER ENDED 30 SEPTEMBER 2021



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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