

BAZA HIGH CONVICTION FUND MONTH ENDED 31 JANUARY 2022

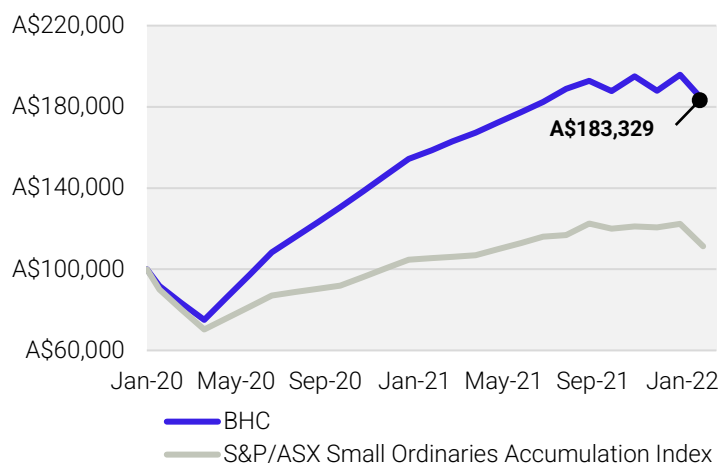


KEY METRICS FOR MONTH

Unit price (pre fees, expenses & distribution)	A\$1.145
Fees & expenses for month	(A\$0.002)
Unit price post fees & expenses, pre distribution	A\$1.143
Distribution	-
Unit price post distributions, fees & expenses	A\$1.143
Performance in Jan-22, post fees & expenses	-6.4%
S&P/ASX Small Ords Accum. Index (Benchmark) return	-9.0%
Fund outperformance vs. Benchmark in Jan-22 ¹	+2.6%
Return since inception ¹	+83.3%

HISTORICAL PERFORMANCE

Value of A\$100,000 invested at inception



HISTORICAL RELATIVE PERFORMANCE

	Fund return ^{1,2}	S&P/ASX Small Ords Accum. Index	Out-performance
1 month	-6.4%	-9.0%	+2.6%
3 months	-6.0%	-8.0%	+2.0%
Since inception ³	+83.3%	+11.4%	+71.9%
Since inception (annualised) ³	+34.4%	+5.4%	+29.0%

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

COMMENTARY

The Baza High Conviction Fund (the Fund) returned -6.4% during January, outperforming the S&P/ASX Small Ordinaries Accumulation Index (Benchmark) which fell -9.0% over the same period. January was broadly the worst month for equities since March 2020 (the peak COVID crash). The major global equity indices fell between 5-9% over the month, and most were down >10% before posting strong gains over the last few days to recover.

As we mentioned in the December 2021 quarterly update, the Fund held a slightly more defensive stance coming into 2022, with a higher cash balance and fewer speculative names. This helped limit the impact of the market sell-off and created an opportunity for the Fund to selectively buy companies during this period. Several recent data points highlight that the underlying health of the US and Australian economies are decent, accordingly we have an optimistic outlook for equity markets in 2022 and will continue to carefully deploy capital. Our bias remains to companies with outlooks tied to economic growth – such as industrials, healthcare, retailers and miners – while being careful to minimise exposure to supply chain issues.

The Fund's positive performers in January were mainly lithium and gold equities. Standouts were Global Lithium (GL1, +60%), Winsome Resources (WR1, +20%) and Calidus Resources (CAI, +12%). Most other Fund investments were negative during January, with our defensive exposures (e.g. Monash IVF, Mayfield Childcare, Service Stream) down only ~2% on average, while our basket of copper, nickel and rare earth mining developers were down ~10%.

The Fund started a new position in data center owner, Global Data Centre Group (GDC) during the month. The company holds a diversified exposure to data centres around the world in both developed and emerging markets. As businesses push more of their IT services to the cloud, the demand for data centres is expected to increase. After a period of building its portfolio, we believe the company will add shareholder value by increasing utilisation, scaling existing operations and optimising its capital structure.

The Fund had a cash position of 23% cash as at 31-Jan-22, as well as receiving material new Fund applications (including further investment from Baza principals), which collectively will provide strong flexibility for investment in oversold stocks and other new opportunities in the coming months.

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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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