

# BAZA HIGH CONVICTION FUND MONTH ENDED 31 JULY 2022

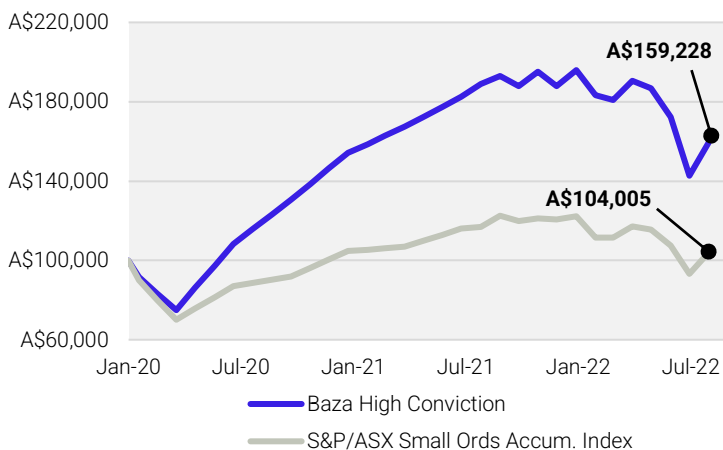


## KEY METRICS FOR MONTH

Unit price (pre fees, expenses & distribution)	A\$0.996
Fees & expenses for month	(A\$0.003)
Unit price post fees & expenses, pre distribution	A\$0.993
Distribution	-
Unit price post distributions, fees & expenses	A\$0.993
Performance in Jul-22, post fees & expenses	+11.6%
S&P/ASX Small Ords Accum. Index (Benchmark) return	+11.4%
Fund performance vs. Benchmark in Jul-22 <sup>1</sup>	+0.2%
Cash as at 31-Jul-22	8.3%

## 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	Relative Fund performance
1 month	+11.6%	+11.4%	+0.2%
3 months	-14.8%	-9.9%	-4.8%
6 months	-13.1%	-6.6%	-6.5%
12 months	-15.7%	-10.9%	-4.8%
Since inception <sup>3</sup>	+59.2%	+4.0%	+55.2%
Since inception (annualised) <sup>3</sup>	+20.1%	+1.6%	+18.5%

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 +11.6% during July, outperforming the S&P/ASX Small Ordinaries Accumulation Index (Benchmark) which rose +11.4% over the same period. Global equity markets rebounded in July, following poor performances in May and June. The most dramatic resurgences were seen from the weakest performers this year, with the NASDAQ (up +12%) and the S&P 500 (+9%) outpacing the S&P/ASX 200 (up +6%) which had not fallen as far.

Despite volatility over the preceding two months, there has been little changed with respect to the Fund's portfolio composition and updates from individual companies. Most notably, none of the Fund's investments released a negative operational update, nor downgrade guidance as we move towards earnings season. We see this as a positive sign thus far that our investments are stoic despite wavering economic conditions. We have had 3 investments thus far report better than expected results updates, including Kogan (KGN), +66% for month, Global Data Centres (GDC), +23%, and Gale Pacific (GAP), which provided a positive update in early August.

KGN released a positive FY22 gross sales update which highlighted it had worked through its overstocked inventory levels faster than anticipated. As mentioned in prior updates, KGN is the Fund's first significant investment into oversold eCommerce businesses. We believe KGN's founder-led management team will push towards a normalised cost-base sooner than its competitors (despite typically running lower margins compared to peers). We are looking for KGN to gradually return its unit costs to pre-COVID levels, and capitalise by growing market share via organic or inorganic avenues.

We continued to buy more of the Fund's heavily discounted names across July, including Frontier Digital Ventures (FDV, +33%), diagnostic imaging provider Capitol Health (CAJ, flat) and Genetic Signatures (GSS, -7%).

The Fund closed the month with a cash balance of 8.3%. The Fund received inflows from several new unitholders over the month. We thank all unitholders for their patience over this volatile period, and we remain grateful for and energised by the support received to date.

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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

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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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