

BAZA HIGH CONVICTION FUND MONTH ENDED 31 AUGUST 2022

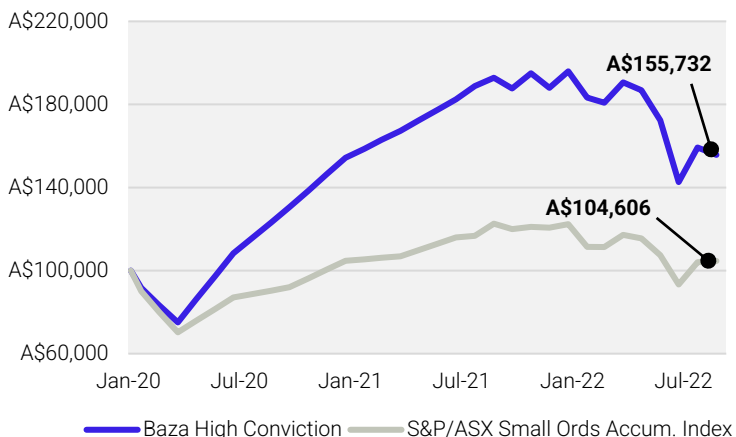


KEY METRICS FOR MONTH

Unit price (pre fees, expenses & distribution)	A\$0.9728
Fees & expenses for month	(A\$0.0017)
Unit price post fees & expenses, pre distribution	A\$0.9712
Distribution	-
Unit price post distributions, fees & expenses	A\$0.9712
Performance in Aug-22, post fees & expenses	-2.2%
S&P/ASX Small Ords Accum. Index (Benchmark) return	+0.6%
Fund performance vs. Benchmark in Aug-22 ¹	-2.8%
Cash as at 31-Aug-22	9.2%

HISTORICAL PERFORMANCE

Value of A\$100,000 invested at inception



HISTORICAL RELATIVE PERFORMANCE

	Fund return ^{1,2}	S&P/ASX Small Ords Accum. Index	Relative Fund performance
1 month	-2.2%	+0.6%	-2.8%
3 months	-9.6%	-2.6%	-7.0%
6 months	-13.9%	-6.1%	-7.8%
12 months	-19.3%	-14.7%	-4.6%
Since inception ³	+55.7%	+4.0%	+51.7%
Since inception (annualised) ³	+19.0%	+1.6%	+17.5%

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, 15-Jan-20

COMMENTARY

The Baza High Conviction Fund (the Fund) returned -2.2% during August, underperforming the S&P/ASX Small Ordinaries Accumulation Index (Benchmark) which rose +0.6%. August saw most global equity markets give back some of their July gains, with the NASDAQ (-4.6%) and S&P 500 (-4.2%) down, while the S&P/ASX 200 (+0.6%) posted modest gains.

14 of the Fund's largest holdings reported FY22 results in August. 12 companies reported results either in line or slightly better than market expectations. We were generally pleased with the resilience of earnings across our portfolio and expect this to continue.

Shade cloth manufacturer, Gale Pacific (GAP), exceeded guidance for FY22, despite higher transport and warehousing costs across its US business. Increases in revenue and profit are anticipated in FY23, primarily driven by growth in the Americas.

Beauty clinic operator, Silk Laser (SLA), exceeded EBITDA guidance and confirmed that demand for its products and services remains strong despite reports of wavering consumer confidence. Our expectation is that demand will prove resilient and allow Silk Laser to continue with its organic and inorganic growth objectives in FY23 and beyond.

Domestic pharmaceuticals manufacturer, Probiotec (PBP), reported strong revenues and earnings for FY22 despite difficult operating conditions driven by COVID-19, and issued strong guidance for FY23 due to increased demand for cold & flu medication.

The 2 Fund investments that posted disappointing results were Service Stream (SSM) and Symbio Holdings (SYM). SSM reported results with lower margins due in part to the recent Queensland floods, which led to delays and cost overruns for a major utility project and reduced overall utilities division earnings. We increased our position in SSM post results as we expect margins will increase back toward historic levels as exceptional conditions abate. SYM disappointed with a lack of progress against its flagged Asian expansion and escalating costs. Profitability eroded, as did our confidence in management's ability to execute on profitable growth (we promptly exited our position in SYM given the material adverse change to the company's investment case).

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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. Actively invested in emerging companies that have the ability to generate sustainable, long-term shareholder returns. The Fund has a high risk, high return profile.

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

Inception	15-Jan-20
Structure	Unit trust
Management fee	1.5% p.a. (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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