

# BAZA HIGH CONVICTION FUND MONTH ENDED 28 FEBRUARY 2023

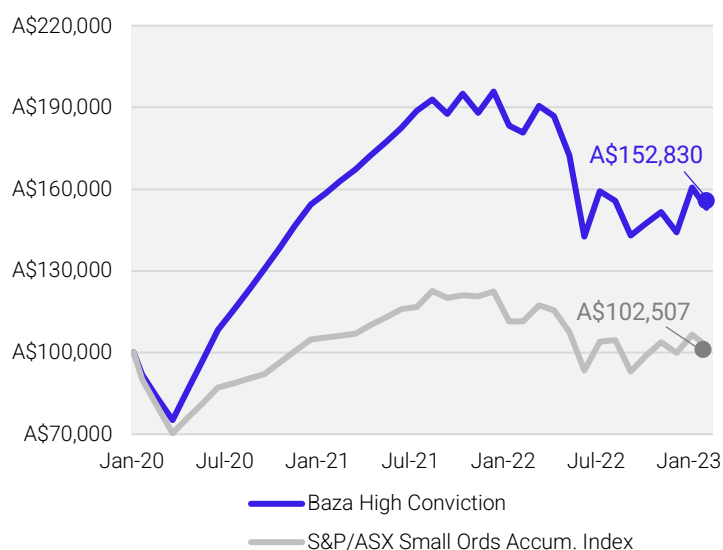


## KEY METRICS FOR MONTH

Unit price	A\$0.953
Fund return for month	-4.8%
S&P/ASX Small Ords Accum. (Benchmark) return	-3.7%
Fund performance in month vs. Benchmark	-1.1%
Cash as at end of month	3.7%

## 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	-4.8%	-3.7%	-1.1%
3 months	+0.8%	-1.2%	+2.0%
6 months	-1.9%	-2.0%	+0.1%
12 months	-15.5%	-8.0%	-7.5%
Since inception <sup>3</sup>	+52.8%	+2.5%	+50.3%
Since inception (annualised) <sup>3</sup>	+14.5%	+0.8%	+13.7%

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 -4.8% during February, underperforming the S&P/ASX Small Ordinaries Accumulation Index (Benchmark) which returned -3.7%. Total return for the Fund since inception (January 2020) is +52.8%, annualising at +14.5% p.a., compared with the Benchmark which has returned +2.5% over the same period, annualising at +0.8% p.a.

The majority of our healthcare, industrials and financials holdings reported half year results during the month. Overall the results were resilient and confirmatory, particularly for our consumer oriented investments such as Silk Laser Clinics (SLA, +16%) and Solvar (SVR, -4%) which are exposed to short term consumer behaviour. SLA was one of the standout results for our reporting companies with resilient revenue growth and commentary that trading conditions in January and February remained strong. SLA was the largest positive contributor to performance for the month of February. We further added to our position in SLA as it continues to demonstrate the strength of its branding, market leading regulatory compliance, and ability to take market share while managing costs effectively.

Several holdings upgraded or provided a more positive outlook for FY23, including Monash IVF (MVF, flat), Probiotec (PBP, +6%), Cirrus Networks (CNW, +3%) and Global Data Centre (GDC, -9%). Other holdings posted weaker than expected results due to softer demand in CY22, including Capitol Health (CAJ, -7%) and Gale Pacific (-2%).

Our mining exposure detracted from returns in February. In January we highlighted strong performance from our copper exposures New World Resources (NWC), Caravel Minerals (CVV) and Eagle Mountain (EM2), recording +68%, +49% and +41% respectively. They moderated in February with declines of -23%, -17%, -13% respectively. In line with previous commentary we are positive on the medium- and long-term outlook for copper and other electrification metals, while remaining conscious of the volatility of mining investments. Mining investments have historically been the one of the key drivers of outperformance for the Fund notwithstanding this volatility.

## RESPONSIBLE INVESTMENT UPDATE

Rare earths developer, Peak Resources (PEK, +39%), progressed its Framework Agreement with Tanzanian authorities during the month. This is a significant milestone toward bringing its world-class Ngualla Rare Earths Project into production. The development of Ngualla would be large contributor to Tanzanian economic development and unlock non-Chinese supply of rare earths for use in global electric vehicle supply chains.

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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.

<b>Inception</b>	15-Jan-20
<b>Structure</b>	Unit trust
<b>Management fee</b>	1.5% p.a. (incl. GST)
<b>Performance fee</b>	20.0% (incl. GST) above benchmark
<b>Benchmark</b>	S&P/ASX Small Ordinaries Accumulation Index (post management fee & expenses)
<b>Unit pricing, applications and redemptions</b>	Monthly
<b>Eligible investors</b>	Wholesale Investors, as defined in the Corporations Act 2001 (Cth)
<b>Distributions</b>	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

We also investigate the diversity of Boards and senior management, and policies and reporting relating to diversity, and screen for controversy, 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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