

BAZA HIGH CONVICTION FUND MONTH ENDED 31 JULY 2023

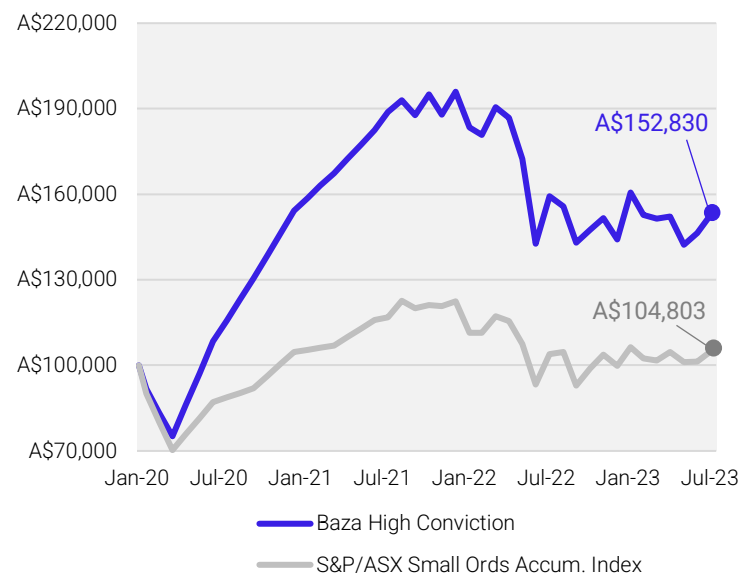


KEY METRICS FOR MONTH

| | |
|---|-----------|
| Unit price | A\$0.9531 |
| Fund return for month | +4.4% |
| S&P/ASX Small Ords Accum. (Benchmark) return | +3.5% |
| Relative fund performance for month vs. Benchmark | +0.9% |
| Cash as at end of month | 4.2% |

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 | +4.4% | +3.5% | +0.9% |
| 3 months | +0.4% | +0.2% | +0.2% |
| 6 months | -4.8% | -1.5% | -3.3% |
| 12 months | -4.0% | +0.8% | -4.8% |
| Since inception ³ | +52.8% | +4.8% | +48.0% |
| Since inception (annualised) ³ | +12.7% | +1.3% | +11.4% |

COMMENTARY

The Baza High Conviction Fund (the Fund) returned +4.4% during July, outperforming the S&P/ASX Small Ordinaries Accumulation Index (Benchmark) which returned +3.5%. Total return for the Fund since inception (January 2020) is +52.8%, annualising at +12.7%, compared with the Benchmark which has returned +4.8% over the same period, annualising at +1.3%.

Full year results reporting commenced in July. This is an important period where we learn if our portfolio companies are executing well and moving toward our long-term investment theses. There were a number of positive updates from our portfolio holdings which drove Fund outperformance. The Fund's strategy is to prioritise investment in emerging companies with robust business models and structural tailwinds (such as in IT services and healthcare). Earnings season thus far is confirming this resilience amid continued pessimistic market sentiment and depressed share prices for small companies.

Two of the Fund's largest investments, Cirrus Networks (CNW, +31% for month) and Atturra (ATA, +7%), delivered strong financial results with improved margins over the year. They are both IT services firms which target high margin, sticky government departments and related agencies. Another IT services investment, SOCO (SOC, +15%), announced revenue and NPAT figures ahead of its prospectus forecasts and new contract wins in a results update.

Our healthcare exposures will provide results in August. We will provide a summary of their performance next month.

Two of the Fund's recent software investments also reported results in July; road safety technology developer, Acusensus (ACE, +11%), delivered revenue and cash generation above prospectus forecasts, and HR compliance software firm, Kinatico (KYP, +15%), announced a profitable FY2023 and record revenue for the most recent quarter.

The key detractor for the month was the Fund's exposure to junior mining companies. The sputtering resurgence of China and strong US\$ have been headwinds to commodity prices and sentiment in recent months. Mining companies have lagged for the Fund during this period. Key detractors for the month of July were Syrah Resources (SYR, -23%), Green Technology Metals (GT1, -14%) and Benz Mining (BNZ, -29%). We remain constructive over the medium- to long-term for base metals and other minerals tied to electrification (lithium, graphite and rare earths) and have been adding modestly to select exposures, particularly through equity raising transactions.

RESPONSIBLE INVESTMENT

The Fund provided funds to Aston Minerals (ASO) in July through a placement with free attaching options. The company is advancing its low-grade nickel sulphide resource in Canada. Despite the grade, the scale of the deposit is world class (1Bt at 0.27% nickel and 0.011% cobalt). Nickel and cobalt are critical minerals in the manufacture of high-performance lithium-ion batteries. We expect ASO be well positioned for US-based supply chains and attract strategic interest given its location in central Ontario, Canada.

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

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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 |

For further information please contact:

WILLIAM SANDOVER
Chief Investment Officer
ws@baza.capital
baza.capital
+61 499 776 998

BRAYDEN MCCORMACK
Chief Strategy Officer
bm@baza.capital
baza.capital
+61 401 025 296

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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