BAZA HIGH CONVICTION FUND
QUARTER ENDED 30 SEPTEMBER 2023

BAZA CAPITAL

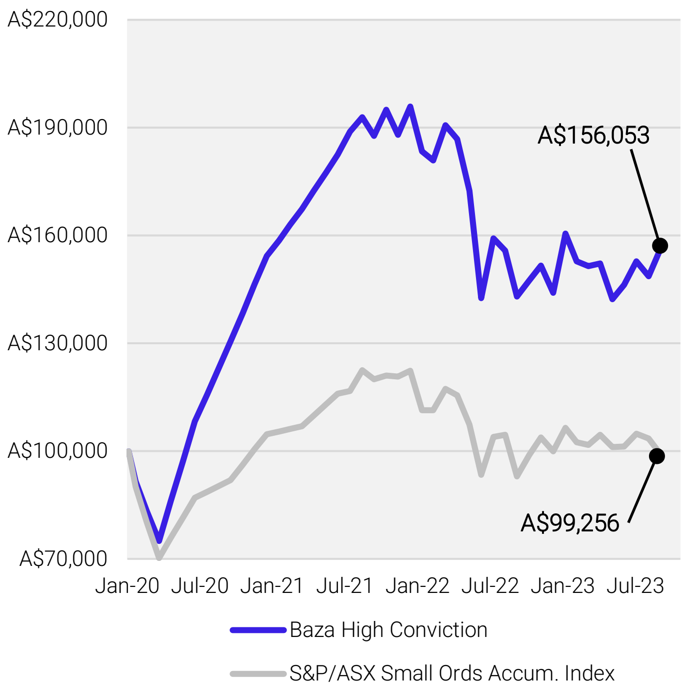
+6.7% performance in September 2023 quarter[1]	**+8.6%** outperformance vs. S&P/ASX Small Ordinaries Accumulation Index for September 2023 quarter[1]	**+12.7%** annualised performance since inception[1,2,3]	**+12.9%** annualised outperformance vs. S&P/ASX Small Ordinaries Accumulation Index since inception[1,2,3]

KEY METRICS

Unit price	A$0.973
Performance in Sep-23 quarter[1]	+6.7%
S&P/ASX Small Ords Accum. (Benchmark) perf.	-1.9%
Fund performance for Sep-23 quarter vs. Benchmark	+8.6%
Performance in Sep-23 month	+5.0%
S&P/ASX Small Ords Accum. (Benchmark) perf.	-4.0%
Fund outperformance for Sep-23 month vs. Benchmark	+9.0%
Cash as at end of month	4.7%

HISTORICAL PERFORMANCE

Value of A$100,000 invested at inception[1,2,3]



HISTORICAL RELATIVE PERFORMANCE

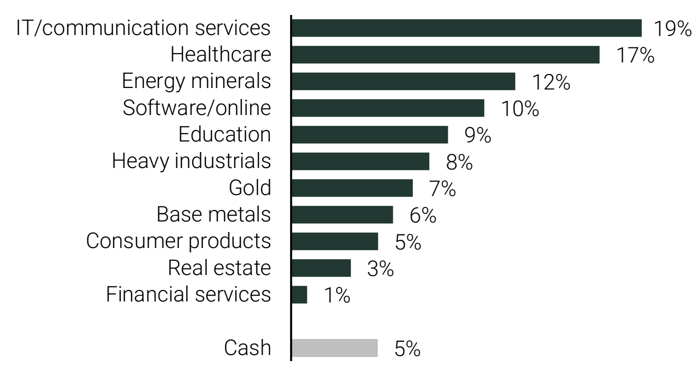
	Fund return[1,2]	S&P/ASX Small Ords Accum. Index	Fund out-performance
1 month	+5.0%	-4.0%	+9.0%
3 month	+6.7%	-1.9%	+8.6%
6 months	+3.1%	-2.5%	+5.5%
1 year	+9.2%	+6.8%	+2.4%
2 year	-16.9%	-17.3%	+0.4%
3 year	+19.6%	+7.9%	+11.7%
Since inception[3]	+56.1%	-0.7%	+56.8%
Since inception[3], annualised	+12.7%	-0.2%	+12.9%

PORTFOLIO SNAPSHOT

Top 5 holdings (as at 30 September 2023)

1	Cirrus Networks	CNW	7.8%
2	Monash IVF	MVF	7.0%
3	Probiotec	PBP	6.7%
4	Service Stream	SSM	3.9%
5	Torque Metals	TOR	3.9%

Sector exposure (as at 30 September 2023)



1 Post fees and expenses
2 Assumes reinvestment of distributions (A$0.023 declared 30-Jun-20 and A$0.647 declared 30-Jun-21)
3 Fund inception was 15-Jan-20

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Overview

The Fund returned +6.7% for the September 2023 quarter, outperforming the S&P/ASX Small Ordinaries Accumulation Index (Benchmark) which returned -1.9% over the same period. The Fund's return of +6.7% also compares favourably against other domestic indices including the S&P/ASX Emerging Companies Accumulation Index (-5.3%) and the S&P/ASX 200 Accumulation index (-0.8%).

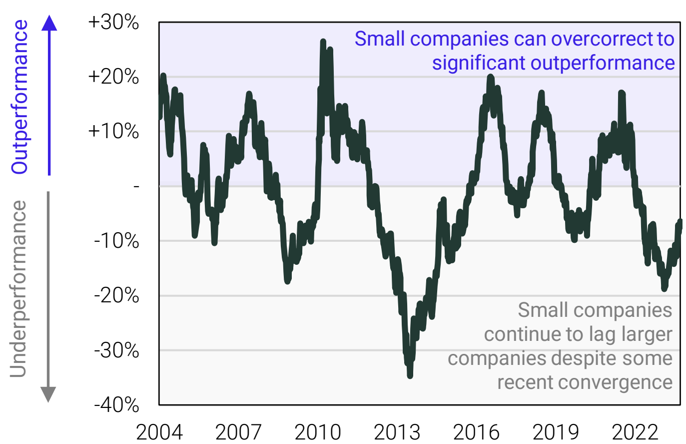
Key sector contributors for the quarter included IT/communication services (+5.0%), energy minerals (+1.9%), and consumer products (+0.8%). The key detractor for the quarter was base metals (-2.5%) with China concerns lingering.

Indiscriminant selling appears to be abating for smaller companies, and there exists a fertile environment for stock picking

We observed during the recent ASX-listed company results period that investor discernment appears to be returning. Companies which have been able to deliver solid earnings and communicate strong guidance were rewarded with positive share price movements, unlike some company reporting experiences 12 months ago. An example from the Fund's portfolio was Aussie Broadband (ABB, +38% share price performance during quarter) which delivered FY23 results at the top end of guidance. This is in contrast to FY22 where ABB delivered results in line with guidance yet saw their share price fall 31% over the September 2022 quarter. A higher level of market discernment provides fertile ground for active investment management.

This dynamic is partly reflected in the recent recovery of some of the underperformance of small companies as shown below:

Relative performance of S&P/ASX Small Ordinaries vs S&P/ASX 200
Rolling 18-month basis



Companies that are profitable, pay dividends and have solid growth prospects continue to outperform speculative peers. This was true for large caps, and now extends to smaller companies. This could prove favourable for the Fund given the majority of our non-mining holdings fit into this category; Monash IVF (MVF), Probiotec (PBP), Service Stream (SSM), Lycopodium (LYL), McGrath (MEA), and Cirrus Networks (CNW), among others.

The corollary is unprofitable, speculative companies continue to underperform, especially if they require equity funding. We frequently see highly discounted, and re-priced fundraising term sheets as investment banks and brokers have difficulty completing transactions in the current environment. We continue to prudently reduce or avoid exposure to companies that we expect will raise equity and excessively dilute existing shareholders.

Long-held position Cirrus Networks was the largest contributor to Fund performance for the quarter

West Australian IT services provider, Cirrus Networks (CNW), received a takeover offer from Sydney-based peer Atturra (ATA, also a Fund holding) at 5.3c. The bid was promptly increased to 6.3c to gain approval from major shareholders.

The Fund has owned Cirrus Networks to varying degrees since inception, buying at lows of 1.8c during 2020 and increasing our position materially through a 2022 block trade at 3.2c. The Fund's investment thesis for CNW centred around the ability of a refreshed Board and senior management team to drive a strategy reset and pursue earnings growth. We believe that CNW is in the early days of an earnings recovery, and the takeover bid from rival ATA is opportunistic and may not adequately compensate for the earnings upside to come (despite the 6.3c offer representing a 54% premium to the undisturbed price).

The proposed acquisition of CNW follows a long line of IT services companies being acquired in recent years on the ASX. The Fund has owned a number of these acquired IT services companies including Empired (EPD), Citadel (CGL) and Rhipe (RHP). It would not be surprising to see some of our other current IT services holdings receive takeover offers in time, however this is not what underpins our investment case. Current investment Cosol (COS) provides digital asset management services to the resources and infrastructure sectors, has a strong track record of organic and inorganic growth, and currently trades at 14x FY24F NPAT. SOCO (SOC) is a small IT services business based in Brisbane, which has an exceptional culture and currently trades at 15x FY24F NPAT with a rapid growth rate (we forecast +75% NPAT growth in FY24).

IT/communications services is one of our largest sector exposures, alongside healthcare. We are confident we can continue to identify emerging businesses that are able to capitalise on the growth in cybersecurity and digitisation expenditure by government and corporates.

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The Fund had a successful results season with most relevant companies delivering strong results

FY23 results were provided in the September quarter with reasonable resilience shown by reporting companies.

Across the market approximately 72% of companies reported results in line or better than expectations (compared with ~67% in the February 2023 results period)[1]. Domestic equities were flat in August as investors digested the results, before being caught up in the global equity rout in the last few weeks of September as long-term bond yields spiked.

Across the board, revenue growth was strong, although management teams would frequently call-out the persistent operating cost pressures (wages in particular). It appears the expectation of an imminent recession has been misguided for now. Nonetheless, our focus remains on identifying and investing in companies with solid revenue growth underwritten by government expenditure or other strong tailwinds (e.g. demographic tailwinds in the case of healthcare services, or structural tailwinds in the case of IT/communication services).

Portfolio companies delivered strong results against this backdrop, with most of our largest holdings reporting results ahead of consensus estimates.

Monash IVF (MVF, +12%) recorded higher revenue than expected as they continue to win market share while the domestic IVF market trends larger. Several of its healthcare peers faced margin pressures in FY23, but MVF appears to have navigated these challenges successfully and has a strong platform to capitalise on its growth potential in Southeast Asia.

Aussie Broadband (ABB, +38%) reported results at the top end of guidance and strong operating cash flows. There were also positive NBN updates during the quarter with an updated Special Access Undertaking provided by NBN Co which could see margin expansion for ABB's ultra high-speed internet connection focus areas.

Service Stream (SSM, +16%) delivered results in line with estimates, but with better cash conversion which allowed for the reduction in debt and positioning for a strong FY24. Our thesis remains that SSM will continue to win profitable services work and expand margins as subcontractor and input prices stabilise.

Two of the Fund's smaller investments, SkyFii (SKF, -29%) and Etherstack (ESK, -22%) delivered disappointing results. SKF has not been able to push past its plateauing revenue growth despite several headline contract wins over FY23. ESK delivered a surprise revenue downgrade as it failed to win contracts at their historic cadence. The results negatively impacted our respective investment theses, and the Fund is exiting these investments.

Junior miners are lagging the broader market as concerns over China's economic growth linger

Commodities, and, in turn, mining equities, were volatile over the quarter. There were reports of renewed stress in the Chinese property market impacting the demand outlook for raw materials. Higher US government yields also drove a higher US dollar, which added further pain to short term commodity prices. These dynamics most impacted base metals. Our base metals exposure was the Fund's key detractor for the quarter (-2.5%).

Not all mining companies were weak during the quarter; the Fund's positions in energy minerals (includes lithium and uranium) were key contributors to performance.

Lithium and gold explorer, Torque Metals (TOR, +146%), announced it had acquired an option over a prospective lithium project 600m from the Bald Hill lithium production camp. Bald Hill is being acquired by Mineral Resources (MIN) and it is expected that MIN will return the plant to profitable production and further expand its WA lithium production footprint. TOR is currently drilling its maiden program at the New Dawn Lithium Project, and results are expected over the coming weeks. Given proximate production, any sizeable lithium resource that TOR is able to delineate will be highly strategic.

The Fund's holdings in uranium developers Aurora Energy (1AE, +154%) and Okapi Resources (OKR, +27%) were also stand-out performers. Global uranium prices rose over the quarter driven by persistent supply concerns. Positive sentiment quickly returned to uranium companies and the Fund realised profits in some long-held positions. The sharp rally in uranium equities was a timely reminder that sentiment in junior mining can turn very quickly.

The Fund retains a positive medium-to long-term outlook for commodities. We are taking the opportunity to accumulate (usually through heavily discounted equity raisings often with attaching options) quality projects with strong management teams in favoured commodities to benefit when rebounds in various commodities occur.

The Fund is open for investment with applications processed at the end of each month.

Responsible investment

Monash IVF (MVF) continues to invest in delivering best-in-class fertility outcomes. In 2023 their headline clinical pregnancy rate increased to 38.7% (up from 38.0% in 2022 and 32.6% in 2018). Paramount to MVF's market leading clinical success rates is their scientific leadership through a focus on investment in research & development. This focus and resulting leadership provides a strong competitive advantage over peers. The increase in clinical success rates has resulted in better patient outcomes as well as lower overall costs to consumers and the taxpayer.

1 FNArena Reporting Season Monitor (September 2023, 390 companies)

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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 (oil, gas, coal, tar sands) exploration, development and production	Zero tolerance
Provision of significant services to the fossil fuel industry	25%+ of focus or revenue, no investment
Excessive carbon emissions	Zero tolerance if no transition or offset plans
Production and manufacture of tobacco and nicotine alternatives	Zero tolerance
Old growth logging, destruction of ecosystems and animal cruelty	Zero tolerance
Military technology and armaments (including development, production and maintenance of nuclear weapons)	Zero tolerance
Carbon intensive agriculture	25%+ of focus or revenue, no investment
Gambling	Zero tolerance

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