

BAZA HIGH CONVICTION FUND MONTH ENDED 31 JANUARY 2024

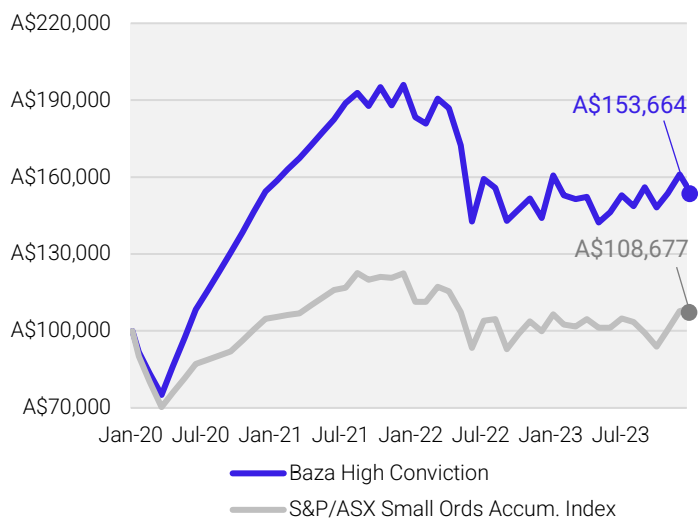


KEY METRICS FOR MONTH

Unit price	A\$0.9565
Fund return for month	-4.8%
S&P/ASX Small Ords Accum. (Benchmark) return	+0.9%
Relative fund performance for month vs. Benchmark	-5.6%
Cash as at end of month	6.6%

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	-4.8%	+0.9%	-5.6%
3 months	+3.6%	+15.8%	-12.2%
6 months	+0.4%	+3.7%	-3.3%
1 year	-4.5%	+2.1%	-6.6%
Since inception ³	+53.4%	+8.7%	+44.7%
Since inception, annualised ³	+11.1%	+2.1%	+9.1%

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 January, underperforming the S&P/ASX Small Ordinaries Accumulation Index (Benchmark) which returned +0.9%. Equity markets were volatile but ultimately positive in larger equities and remained difficult for smaller equities.

We recognise that the last 3 months have seen underperformance for the Fund vs. the Benchmark. While we are disappointed in this short-term relative performance, it has occurred in the context of continued small company and, particularly, junior mining company weakness. The January returns in various ASX indices and the Global X Battery Tech & Lithium ETF were as follows:

Index/ETF	Jan-24 return
S&P/ASX 200 Accumulation	+1.2%
Benchmark	+0.9%
S&P/ASX Emerging Companies Accumulation	-5.2%
S&P/ASX 300 Metals & Mining Accumulation	-5.7%
Global X Battery Tech & Lithium (Accumulation)	-6.7%

As unitholders are aware the market capitalisations of the Fund's holdings crest the Benchmark and the S&P/ASX Emerging Companies Index, and we maintain a significant exposure to electrification minerals. Junior mining was particularly weak due to a broad-based lithium company sell-off. While this short-term weakness is frustrating, there are no discernible fundamental issues with our Fund holdings, and the small company re-rate and electrification minerals these remain firmly intact.

Monash IVF (MVF, +0.7% contribution to return) was again a key positive contributor for the Fund. We are happy with how our large industrial, healthcare & other non-mining names are performing. Our 15-16 largest holdings are stable and generally have only been changing when taken over or reaching price targets. We partially sold positions in Service Stream (SSM) and Vysarn (VYS) to lock in a portion of profits in both companies. The profits were deployed into companies with higher assessed relative fundamental upside.

Electrification minerals detracted -3.4% from Fund returns. We continue to re-test our theses on the various electrification minerals and the sector more broadly and maintain our long-term conviction. Current lithium prices (spodumene prices as low as US\$800-850/t) render approximately half of WA production uneconomic. We view this as unsustainable given WA accounts for ~40% of global lithium production. Further, incentive pricing (i.e. pricing well above the marginal cost) is required for new mines to come online to meet demand. Our portfolio of electrification minerals is well led, harbours best-in-class development projects, and has strategic involvement or clear potential for such.

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

RESPONSIBLE INVESTMENT

The ACCC published its final report on childcare in January. The report focuses on the pricing mechanism, access to staffing, and more investment in remote or underprivileged regions. Fund holding, Nido Education (NDO), provides quality childcare access and should benefit from the ACCC's proposals.

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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.

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