

BAZA HIGH CONVICTION FUND MONTH ENDED 31 MAY 2024

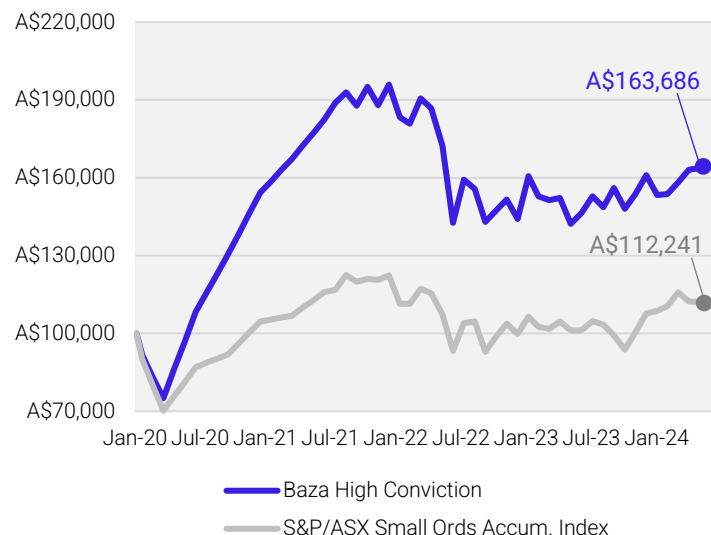


KEY METRICS FOR MONTH

Unit price	A\$1.0208
Fund return for month	+0.3%
S&P/ASX Small Ords Accum. (Benchmark) return	-0.0%
Relative fund performance for month vs. Benchmark	+0.3%
Cash as at end of month	2.9%

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	+0.3%	-0.0%	+0.3%
3 month	+6.5%	+1.5%	+5.0%
1 year	+15.1%	+10.9%	+4.2%
Since inception ³	+63.7%	+12.2%	+51.5%
Since inception, annualised ³	+11.9%	+2.7%	+9.2%

COMMENTARY

The Baza High Conviction Fund (the Fund) returned +0.3% during May, outperforming the S&P/ASX Small Ordinaries Accumulation Index (Benchmark) which was flat.

The Fund returned +15.1% over the last 12 months and has returned +63.7% since inception (Jan-20). This compares favourably with the Benchmark which has returned +10.9% over the last 12 months and +12.2% since inception.

The outperformance was driven by the Fund's largest holding, Southern Cross Electrical Engineering (SXE, +2.2% contribution), which announced the award of the A\$160M Collie Battery Project contract. The Collie battery will be one of the largest in Australia and is a key component in the Western Australian government's decarbonisation strategy. The contract award was the largest win for SXE in its history and follows data centre contract wins announced in April. We expect a material uplift to earnings in FY25 as larger contracts continue to be won and delivered.

Water management and rights exposure, Vysarn (VYS, +0.6%), and funds management company, Regal Partners (RPL, +0.6%), also contributed positively in May. VYS announced it has entered a joint venture with the Kariyarra Aboriginal Corporation RNTBC, as equal partners, to identify and develop strategic water resources on Kariyarra country. This is an exciting milestone for the company and more joint ventures should follow.

The biggest detractors for the month were IT services company, Attura (ATA, -0.8%) and Frontier Digital Ventures (FDV, -0.8%). ATA has been a large holding for the Fund since its IPO in December 2021, and is our core 'picks and shovels' exposure to the cloud, cybersecurity, AI and ongoing digitisation tailwinds. ATA traded negatively in May amid commentary around the weak Canberra consultancy market. FDV traded negatively post release of its quarterly report where the rebound in revenue growth has been slower than expected. FDV's underlying portfolio companies hold market leading positions in their respective emerging markets, which should eventually benefit from a weaker US dollar and falling interest rates.

After positivity in early May, the Fund's mining investments were a negative contributor to performance (-0.4%) for the month. The dichotomy continues between lagging equity prices for junior mining companies and the buoyant spot prices for gold, copper and some other minerals. We remain of the view that further strong commodity price movements will eventually translate to positive junior mining sentiment and propel share prices to match the fundamentals that are apparent.

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

RESPONSIBLE INVESTMENT

The Fund made a follow-on investment in Patriot Battery Metals (PMT) in May. PMT is progressing its world class hard rock lithium deposit in Canada and raised funds to accelerate this exploration and mining studies. PMT's project is highly strategic given its scale, grade and location which is proximate to a growing manufacturing base in North America that requires lithium supply.

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

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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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