

# BAZA HIGH CONVICTION FUND MONTH ENDED 31 JULY 2024

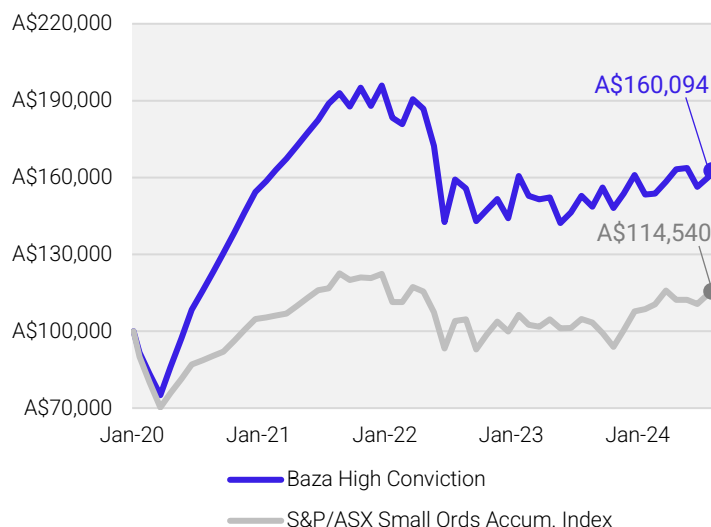


## KEY METRICS FOR MONTH

Unit price	A\$0.9984
Fund return for month	+2.4%
S&P/ASX Small Ords Accum. (Benchmark) return	+3.5%
Relative fund performance for month vs. Benchmark	-1.1%
Cash as at end of month	1.5%

## 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	+2.4%	+3.5%	-1.1%
3 month	-1.8%	+2.0%	-3.8%
1 year	+4.8%	+9.3%	-4.5%
Since inception <sup>3</sup>	+60.1%	+14.5%	+45.6%
Since inception, annualised <sup>3</sup>	+10.9%	+3.0%	+7.9%

## COMMENTARY

The Baza High Conviction Fund (the Fund) returned +2.4% during the month of July, underperforming the S&P/ASX Small Ordinaries Accumulation Index (Benchmark) which returned +3.5%.

Markets were overall positive in July after a muted period since March, with decent economic data combining with impending interest rate cuts to spur most equity indices higher.

As detailed in the June 2024 quarterly update, our Fund continues to be impacted by the lengthy bear market in the junior mining sector. In aggregate, our mining holdings detracted from performance by -1.7% (implying our non-mining holdings added +4.1% during the month). We continue to use this sell-off to upgrade the quality of our junior mining holdings and centralise around copper, gold and selected battery mineral exposures. The Fund's current junior mining exposure of ~13% represents the lowest allocation toward the sector since inception, largely a result of the steep contraction of share prices.

The key positive contributors during the month were water management and rights exposure, Vysarn (VYS, +1.6%), and Perth-based engineering services business, Lycopodium (LYL, +0.9%).

During July, VYS announced its joint venture was awarded two 26D licenses which solidify its first mover advantage in securing strategic water assets around the Pilbara. The application process for these licenses was highly competitive due to the presence of large aquifers within the boundaries. Over the next 6 months we expect the potential economics of these developments to emerge, which could present a material catalyst for VYS.

LYL traded positively with the anticipation of strong financial results to be announced in August. LYL released FY2024 guidance of A\$46-50M NPAT (having already achieved A\$30M NPAT in the first half) and trades at a lowly P/E of 11x despite a strong pipeline of contract awards which will underwrite earnings, including their key contract with Barrick to deliver one of the world's largest copper and gold deposits in Pakistan over the next few years. LYL remains one of the Fund's largest holdings.

The biggest detractor for the month was rare earths developer Viridis Mining (VMM, -0.8%). VMM is progressing its ionic clay rare earths deposit in Brazil, which is emerging as one of the most favoured jurisdictions for mining developers. Key VMM peer, Meteoric Resources (MEI), released its scoping study during the month which headlined bottom quartile operating costs. The key negative surprises to the market appear to have been the capex number and the realisation of the extent that rare earth prices have deteriorated. Both MEI and VMM traded negatively during July as the market digested the updates, however we remain invested in VMM due to its potential for bottom quartile cash costs and attractiveness for offtake and/or joint venture partners.

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

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

# BAZA HIGH CONVICTION FUND MONTH ENDED 31 JULY 2024



## 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

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 (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.

Disclaimer: This report has been prepared by Baza Capital Holdings Pty Ltd (ABN 70 660 169 595) as the fund manager of the Baza High Conviction Fund (ABN 75 493 908 548). True Oak Investments Ltd (ACN 002 558 956 AFSL 238 184) acts as the trustee of the Fund. The Trustee has authorised Baza Capital under its Australian Financial Services Licence (Authorised Representative No. 001297482) to provide general advice and deal in the investments of the Fund. The Fund is an unregistered managed investment scheme. This document contains information about the performance of the Fund and is intended only for investors that are wholesale clients as defined in s761G of the Corporations Act 2001 (Cth). It is not intended to be used by any other persons in any other jurisdiction if and to the extent that to do so would be in breach of Australian laws, or the laws of any foreign jurisdiction. This report contains general information only and is not intended to provide any person with financial advice. It does not take into account any person's (or class of persons) investment objectives, financial situation or particular needs, and should not be used as the basis for making an investment in the Fund. Neither Baza Capital nor True Oak Investments make any representation as to the accuracy, completeness, relevance or suitability of the information, conclusions, recommendations or opinions contained in this report (including, but not limited to any forecasts made). No liability is accepted by any of these entities or their respective directors, officers, employees, agents or advisors for any such information, conclusions, recommendations or opinions to the fullest extent possible under applicable laws. This publication may contain forward looking statements regarding our intent, belief or current expectations with respect to market conditions. Readers are cautioned not to place undue reliance on these forward-looking statements. The Investment Manager does not undertake any obligation to revise any forward-looking statements to reflect events and circumstances after the date of this publication. Neither Baza Capital nor True Oak Investments guarantee the repayment of capital, the performance of any investment or the rate of return for the Fund. Past performance is not necessarily indicative of future performance. This document is not an Information Memorandum for the purposes of the Act. Accordingly, it does not purport to contain all information that potential investors may need to make an informed assessment as to whether or not to invest in the Fund. Numerical figures in this publication have been subject to rounding. Please contact Baza Capital if you wish to receive a copy of the Information Memorandum.