

BAZA HIGH CONVICTION FUND MONTH ENDED 31 AUGUST 2024

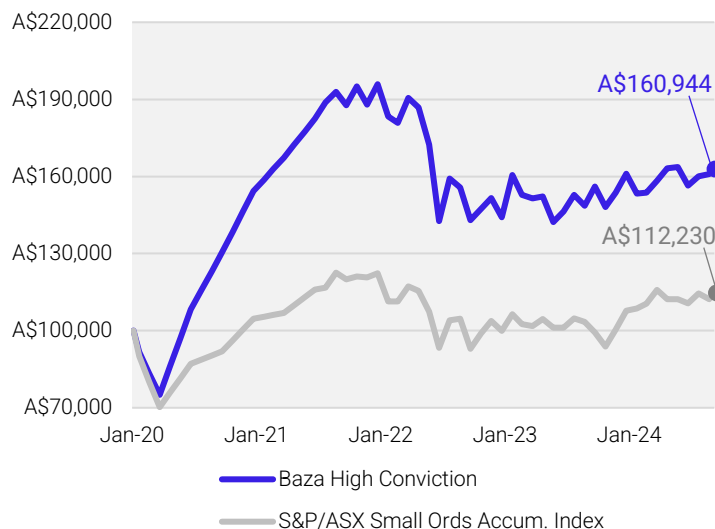


KEY METRICS FOR MONTH

Unit price	A\$1.004
Fund return for month ¹	+0.5%
S&P/ASX Small Ords Accum. (Benchmark) return	-2.0%
Relative fund performance for month vs. Benchmark	+2.5%
Cash as at end of month	6.4%

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	+0.5%	-2.0%	+2.5%
3 month	-1.7%	-0.0%	-1.7%
1 year	+8.3%	+8.5%	-0.2%
Since inception ³	+60.9%	+12.2%	+48.7%
Since inception, annualised ³	+10.8%	+2.5%	+8.3%

COMMENTARY

The Baza High Conviction Fund (the Fund) returned +0.5%¹ during August, outperforming the S&P/ASX Small Ordinaries Accumulation Index (Benchmark) which returned -2.0%.

Volatility was higher during the month as a sharp sell-off in early August preceded a broad market recovery which saw most equity indices re-trace some of their early losses.

The majority of the Fund's holdings reported full year earnings to the market during the month, in what is typically an intense period of meetings and updates for fund managers. A relatively positive reporting season for the Fund ensured that those company catalysts resulted in Fund outperformance relative to the Benchmark.

The key positive contributors during the month were IT services company, Attutta (ATA, +0.7% contribution), industrial services company SRG Global (SRG, +0.6%) and Southern Cross Electrical Engineering (SXE, +0.5%).

ATA announced FY24 results in August alongside early guidance of revenue growth and earnings for FY25. The strength of the financial results allayed concerns of an overarching slow-down in their Canberra consulting practice. Their outlook for FY25 places ATA on an unchallenging EV/EBITDA multiple of 7-8x, well below the 12-15x multiples we expect international acquirors would pay for an IT consultancy business of this scale and quality.

SRG announced the acquisition of an east coast water services business in August. SRG provide engineering design, construction and maintenance services for a range of industries, often tied to essential infrastructure. The acquisition diversified its client mix and provides leverage to the impending capex cycle required to replace ageing water infrastructure assets.

SXE reported an earnings beat for FY24 and continues to be one of our preferred electrification exposures. It disclosed further information on the sectors it expects to grow materially over the next few years, including the data centre and renewable energy sectors. SXE traded favourably and the Fund used the opportunity to take some profit, however it remains a top 5 holding.

The biggest detractor for the month was capital light mining engineering consultancy Lycopodium (LYL, -1.1%). The company reported results that beat company guidance but were not quite up to lofty market expectations. We have unpacked the results with analysis and management meetings and remain upbeat on the company's prospects for new contract awards and continued revenue growth. LYL has been one of the Fund's top performers over the last 2 years and retains a strong balance sheet, high dividend yield, industry leading margins and a management team with a laser focus on EPS growth.

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
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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