

BAZA HIGH CONVICTION FUND MONTH ENDED 30 NOVEMBER 2024

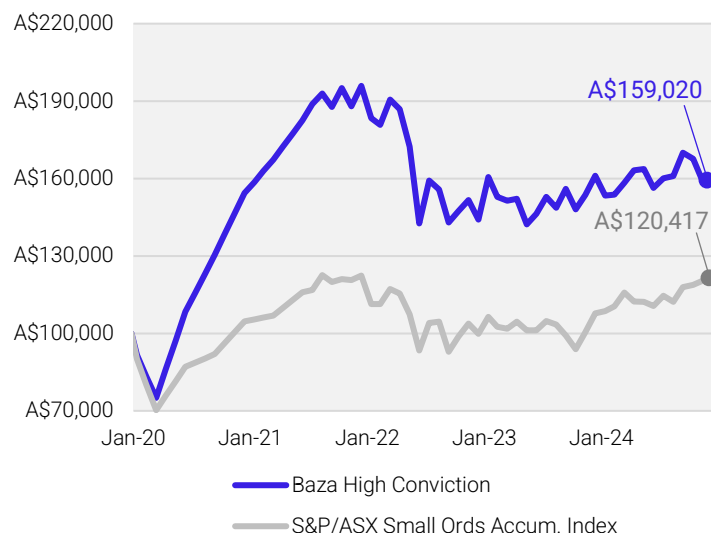


KEY METRICS FOR MONTH

| | |
|---|-----------|
| Unit price | A\$0.9917 |
| Fund return for month ¹ | -5.1% |
| S&P/ASX Small Ords Accum. (Benchmark) return | +1.3% |
| Relative fund performance for month vs. Benchmark | -6.4% |
| Cash as at end of month | 4.2% |

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 | -5.1% | +1.3% | -6.5% |
| 3 month | -1.2% | +7.3% | -8.5% |
| 1 year | +3.5% | +19.9% | -16.4% |
| 2 year | +4.9% | +16.1% | -11.1% |
| Since inception ³ | +59.0% | +20.4% | +38.6% |
| Since inception, annualised ³ | +10.0% | +3.9% | +6.1% |

COMMENTARY

The Baza High Conviction Fund (the Fund) returned -5.1%¹ during November, underperforming the S&P/ASX Small Ordinaries Accumulation Index (Benchmark) which returned +1.3%. November saw relatively positive equity market performance across domestic and global indices notwithstanding the volatility of the US election.

The Fund's largest detractor was IT services business Atturra (ATA, -0.9%), despite no negative news. During November, ATA announced it would acquire 3 businesses at an average EV/EBITDA multiple of 6-7x (cheaper than the current ATA multiple of ~11x). These acquisitions, alongside an equity raising, will be earnings accretive and further ATA's position as the leading ASX-listed managed IT services business. The Fund has previously owned leading IT-services businesses such as Citadel Group, Empired, Rhipe and Cirrus that were all acquired for an average EV/EBITDA multiple of 16x, presenting material upside for ATA as it continues to scale.

The next two largest detractors for the month included childcare operator Nido Childcare (NDO, -0.5%) and engineering consultancy Lycopodium (LYL, -0.6%). There were no updates for NDO during the month, and the childcare sector is firming as a key winner at the upcoming Federal election. NDO will pay a 5.8c dividend in early 2025 (~8% yield) and trades at an 8x P/E multiple, over a 50% discount to its larger peer G8 Education (GEM) despite NDO having a higher quality portfolio and attractive centre incubator model.

The Fund's exposure to junior mining (largely gold and base metals) detracted from performance by -2.1% during the month, with total detractor for 2024 YTD of ~-7% despite positive commodity price leads (gold +30% and copper +9% YTD).

The key positive contributors to the Fund during the month were Credit Clear (CCR, +0.6%) and Euroz Hartleys (EZL, +0.2%). Both companies provided positive operational updates at their respective AGMs.

Our portfolio of smaller, deep value companies has been somewhat left behind (for now) as the small cap market has rallied (2 year return of +4.9% vs. +16.1% for the Benchmark). Our core, concentrated holdings of profitable healthcare, education, industrials and IT services businesses have been able to increase both revenue and earnings yet remain as cheap on a relative basis now as they have been since the market bottom in 2022. We remain confident that our approach of investing in companies with proven operating models and strong management teams at an attractive share price entry will provide strong long-term returns to unitholders. If the market does not 'pay up' for quality small cap companies, acquirers eventually will (as we saw in 2023 with 5 of our top 10 holdings being taken over).

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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