

# BAZA HIGH CONVICTION FUND MONTH ENDED 28 FEBRUARY 2025

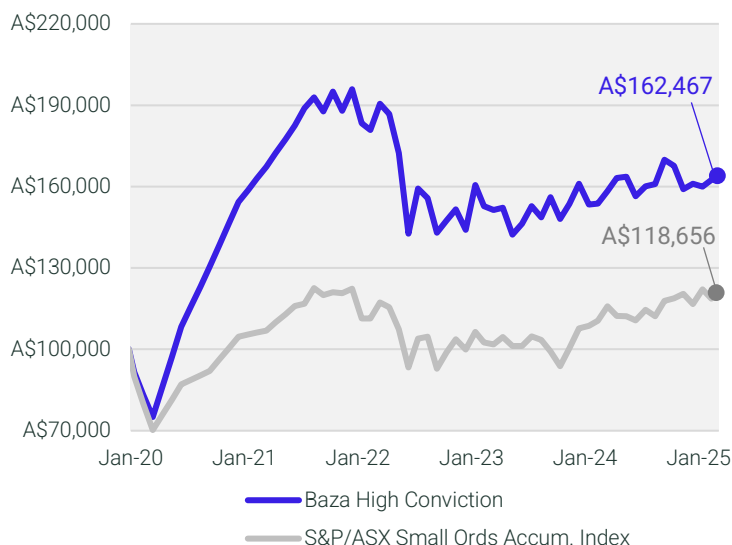


## KEY METRICS FOR MONTH

Unit price	A\$1.0132
Fund return for month <sup>1</sup>	+1.5%
S&P/ASX Small Ords Accum. (Benchmark) return	-2.8%
Relative fund performance for month vs. Benchmark	+4.3%
Cash as at end of month	9.2%

## 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	+1.5%	-2.8%	+4.3%
3 month	+2.2%	-1.5%	+3.7%
6 month	+0.9%	+5.7%	-4.8%
1 year	+5.7%	+7.3%	-1.7%
Since inception <sup>3</sup>	+62.5%	+18.7%	+43.8%
Since inception, annualised <sup>3</sup>	+9.9%	+3.4%	+6.5%

## COMMENTARY

The Baza High Conviction Fund (the Fund) returned +1.5%<sup>1</sup> during February, outperforming the S&P/ASX Small Ordinaries Accumulation Index (Benchmark) by +4.3%. February was a busy month with company reporting and geopolitical reverberations both impacting equity markets. Strong financial results from our portfolio holdings offset the sagging market overtones. The S&P/ASX 200 Accumulation Index was down -3.8% and the Benchmark down -2.8%.

The Fund's largest contributor was software developer EnergyOne (EOL, +2.3%), who have developed proprietary software used by energy market participants in Australia and Europe. EOL delivered a growth in revenue and EBITDA, that was in line with our expectation, and provided an ambitious 2-3 year revenue outlook that was stronger than the market had anticipated. The result reconfirmed accelerating demand for their energy software as electricity markets fragment and become more complex. We discussed the revenue outlook with management and have high confidence that this target is achievable with significant earnings growth to follow. EOL's share price rallied +45% during the month and we continue to hold our position.

Other positive contributors to performance were electrical engineering firm Southern Cross Electrical (SXE, +1.7%) and childcare provider Nido Education (NDO, +1.5%). SXE and NDO are the two biggest investments for the Fund, and we believe remain undervalued.

SXE is benefiting from the surge in demand for data centres and electrification works, and currently trades at ~11x P/E, has no debt and a cash warchest we expect it will deploy aggressively in 2025 to further boost earnings and extend its growth trajectory.

NDO posted results in line with our expectations but markedly above what its share price was implying. NDO gave a strong indication that its incubator will ramp up over 2025 and 2026, and lift the number of childcare centres owned from 56 to >70 by end of 2026. Coupled with government funding tailwinds, we have confidence in strong medium-term earnings growth for NDO (>20% p.a.) which is not factored into its current valuation of ~10x P/E. Both companies are well funded, have minimal debt, great management teams and defensive revenue profiles backed by government funding and/or strong secular themes.

Mining was a positive contributor during the month, driven by the Fund's exposure to junior gold and antimony developers. The largest positive contributor was Great Boulder Resources (GBR, +0.5%) who are currently expanding their high-grade gold project in the Meekatharra region, WA.

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.

<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

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## RESPONSIBLE INVESTMENT OVERVIEW

### Positive screens (non-exhaustive, up to 25% scale-up)

Renewable energy	Healthcare & wellbeing
Education	Electrification
Carbon mitigation	Recycling
Green mining	Efficient transport
Sustainable agriculture	Sustainable construction

### 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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