

# BAZA HIGH CONVICTION FUND QUARTER ENDED 31 MARCH 2025



## KEY METRICS

Unit price	A\$0.9837
Performance in Mar-25 month <sup>1</sup>	-2.9%
S&P/ASX Small Ords Accum. (Benchmark) perf.	-3.6%
Fund performance for Mar-25 month vs. Benchmark	+0.7%
Performance in Mar-25 quarter <sup>1</sup>	-2.1%
S&P/ASX Small Ords Accum. (Benchmark) perf.	-2.0%
Fund performance for Mar-25 quarter vs. Benchmark	-0.1%
Cash as at 31-Mar-25	8.4%

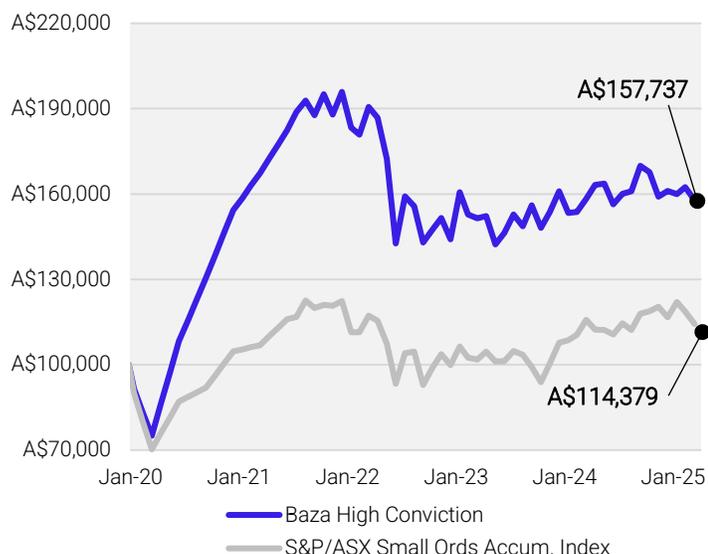
## KEY PORTFOLIO THEMATICS

As at 31 March 2025

-  24% Healthcare, wellbeing & education
-  18% Electrification & decarbonisation
-  13% Environmental services
-  11% Digitisation
-  8% Base metals and critical minerals
-  Zero investment in negatively screened companies (see list on final page of report)

## HISTORICAL PERFORMANCE

Value of A\$100,000 invested at inception<sup>1,2,3</sup>



## TOP 10 HOLDINGS

As at 31 March 2025, alphabetical order

Austin Engineering (ANG)
Atturra (ATA)
Credit Clear (CCR)
Energy One (EOL)
Monash IVF (MVF)
Nido Education (NDO)
Scidev (SDV)
Southern Cross Electrical (SXE)
Viva Leisure (VVA)
Vysarn (VYS)

## HISTORICAL RELATIVE PERFORMANCE

As at 31 March 2025

	1 month	3 months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception <sup>3</sup>	Since inception (p.a.) <sup>3</sup>
Fund return <sup>1,2</sup>	-2.9%	-2.1%	-0.4%	-6.1%	+16.0%	+57.7%	+9.1%
S&P/ASX Small Ords Accum. Index	-3.6%	-2.0%	-1.3%	-0.8%	+10.2%	+14.3%	+2.6%
Relative performance	+0.7%	-0.1%	+0.9%	-5.3%	+5.8%	+43.4%	+6.5%

1 Post fees and expenses  
 2 Assumes reinvestment of distributions  
 3 Fund inception was 15-Jan-20

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## Overview

The Baza High Conviction Fund invests in ASX-listed emerging companies that have the ability to generate sustainable, long-term shareholder returns. The Fund aims to outperform the S&P/ASX Small Ordinaries Accumulation Index (Benchmark) over the medium- to long-term. Over the last 5 years the Fund has returned +16.0% p.a., outperforming the Benchmark return of +10.2% p.a. Since inception the Fund has returned +9.1% p.a. compared to the Benchmark return of +2.6%.

The Fund returned -2.9% for the month of March and -2.1% for the quarter, compared to the Benchmark which fell -3.6% and -2.0% over the same time periods. Equity markets were broadly negative during the month as increasing fears around tariffs and geopolitical uncertainty punctured the positive sentiment from early 2025. The largest positive contributors for the quarter were software operator Energy One (EOL, +2.6% contribution), Nido Education (NDO, +1.3%) and Mayfield Services (MYG, +1.1%). The key contributors were offset by weaker performances from healthcare (-1.3%), consumer products (-2.5%) and IT services (-1.8%) investments during the quarter.

The Fund's investment in junior mining was a positive contributor for the quarter (+2.2%). The quarterly performance was led by junior gold explorers and developers (+1.9%) that have started to re-rate positively towards their larger peers. We observe that the increasing spot gold price (+19% over the quarter) is now driving a broadening of the positive sentiment from mid-caps toward junior gold companies (especially <A\$50M market capitalisation). During the quarter we participated in several fundraising transactions (most with attaching options) in gold and copper developers that are progressing toward feasibility studies or JORC resource expansions.

## Fund top 10 investments

As previously communicated, the Fund has allocated the majority of its investment toward profitable businesses with growing earnings, a strong balance sheet and to high quality management teams. The Fund's top 10 holdings (as at 31 March 2025) are provided in the following table, highlighting how we have invested in line with our strategy of finding;

- profitable business with growing earnings; note the EPS growth rates compares with the S&P/ASX 300 average of 6% for FY26e; and
- good balance sheets and cheap valuations paid; several with single digit P/E multiples.

Additionally, 3 of our top 10 investments are actively running buy-backs and we expect a fourth to commence shortly (which will be 40% of our top 10). This compares to the 16% of S&P/ASX 300 companies that are currently running buy-backs, indicating that Board and management teams agree with the large disconnect between share prices and fundamental value that persist.

Company	Market capitalisation (A\$M) <sup>1</sup>	Cash balance (A\$M) <sup>2</sup>	P/E FY26	P/E FY27	FY26 EPS growth (%)
Southern Cross Electrical Engineering (SXE)	412.3	114.7	8.1x	7.6x	36%
Nido Education (NDO)	187.0	3.5	8.3x	6.7x	25%
Vysarn (VYS)	258.4	17.6	16.8x	14.2x	47%
Atturra (ATA)	311.1	98.4	14.2x	12.4x	34%
Scidev (SDV)	86.5	10.9	15.7x	11.8x	85%
Monash IVF Group (MVF)	434.4	7.5	13.0x	11.3x	8%
Energy One (EOL)	343.1	2.5	35.9x	25.8x	47%
Austin Engineering (ANG) <i>*added during the quarter</i>	272.9	20.1	6.4x	5.4x	10%
Viva Leisure (VVA)	131.2	18.1	8.6x	6.2x	26%
Credit Clear (CCR)	97.7	13.8	26.6x	15.5x	193%

1 Market capitalisation as at 31 March 2025

2 Cash balance as at 31 December 2024

# BAZA HIGH CONVICTION FUND QUARTER ENDED 31 MARCH 2025



The Fund's largest contributor was software developer EnergyOne (EOL, +2.8%). EOL has developed proprietary software used by energy market participants in Australia and Europe. EOL delivered 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 +67% during the quarter and we have taken the opportunity to realise profits in this position.

Nido Education (NDO, +1.3%) also contributed positively for the quarter. As a reminder, NDO own and operate childcare centres predominantly in Victoria and Western Australia. NDO posted results in line with our expectations but markedly above what its share price was implying, as well as a surprise buyback announcement. 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 and ~8x P/E for 2025 and 2026 respectively.

Mayfield Group (MYG, +1.1%) design and manufacture electrical switchrooms, switchboards and kiosk substations that are used by data centres, industrial businesses and miners that are implementing electrical circuitry or renewable energy systems. It manufactures in Adelaide and Perth, and its major customers are the big miners (e.g. Rio Tinto, BHP) as well as some of Australia's largest data centre players (e.g. NextDC). Mayfield is currently benefitting from a surge in demand from these customers and announced revenue growth of 34% for the half year to 31 December 2024, alongside a special dividend of 5.3c (vs share price at the time of 84c).

Austin Engineering (ANG) was a new investment for the Fund in March. ANG manufacture customised dump truck buckets and other specialised equipment primarily for the mining industry. The Fund established a position in ANG following a sell-off after its half year results and several discussions with management around the outlook for its USA business where it manufactures in-country. ANG is the #1 customised truck tray builder in the world, building trays that reduce wear, weight and fuel consumption. The reduction in operating cost often leads to short payback periods of as little as a few weeks, which is a key driver for its market share growth. ANG has published ambitious EBITDA margin targets to the market of 18-20% (up from ~15% in FY24), but our conservative valuation shows significant value upside even if they only get part of the way to achieving this margin target.

Southern Cross Electrical Engineering (SXE, +0.7%), is currently the Fund's largest investment after we added materially to our position during the quarter. SXE provides electrical engineering services to blue chip clients (e.g. Coles, Woolworths), data centres, renewable energy developers, and the mining and industrial sectors. SXE has a strong cash balance, no debt, and is actively deploying its cash war chest in earnings accretive acquisitions this year. SXE trades at a lowly valuation of 8.1x FY26 earnings despite our forecast growth of ~36% over the coming 12 months, presenting one of the most attractively priced, growing businesses in our smaller company universe.

The key detractors for the quarter were Credit Clear (CCR, -1.6%), Monash IVF (MVF, -1.3%) and Atturra (ATA, -1.3%). All three companies released results in February that were broadly in line with guidance, however MVF and ATA commented on the softening trading conditions they are witnessing that will hopefully abate by FY26.

Thank you for your ongoing interest and support. The Fund is open for investment with applications processed at month end.

## Electrification & decarbonisation case study

During the quarter the Fund made an investment in Solis Minerals (SLM) via an equity placement. SLM is undertaking a drilling program at their copper exploration project in Peru. Copper is an essential part of the continued electrification of industry. New discoveries are important as copper is projected to be undersupplied in coming years and decades. SLM's projects are in Peru, one of the leading copper producing nations. The placement included 1 for 2 free attaching options. We expect to receive initial assays from the drilling program in April.

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## FUND DETAILS

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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## SUSTAINABLE INVESTMENT OVERVIEW

Positive screens (non-exhaustive, up to 25% scale-up)	
Renewable energy	Recycling
Healthcare & wellbeing	Green mining
Education	Efficient transport
Electrification	Sustainable agriculture
Carbon mitigation	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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