

# BAZA HIGH CONVICTION FUND MONTH ENDED 31 MAY 2025

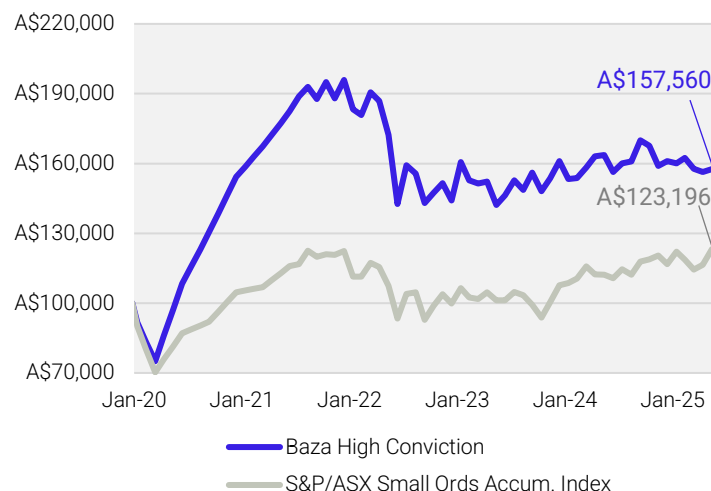


## KEY METRICS FOR MONTH

Unit price	A\$0.9826
Fund return <sup>1</sup>	+0.8%
S&P/ASX Small Ords Accum. (Benchmark) return	+5.8%
Relative fund performance vs. Benchmark	-5.0%
Cash as at end of month	6.0%
Key portfolio thematic:	Exposure:
▪ Digitisation	14%
▪ Healthcare, education & wellbeing	13%
▪ Electrification & decarbonisation	10%
▪ Environmental services	11%
▪ Base metals & critical metals	10%
Zero investment in negatively screened companies (see overleaf for list)	

## HISTORICAL PERFORMANCE

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



## HISTORICAL RELATIVE PERFORMANCE

	Fund return <sup>1,2</sup>	S&P/ASX Small Ords Accum. Index	Relative Fund performance
1 month	+0.8%	+5.8%	-5.0%
3 month	-3.0%	+3.8%	-6.8%
6 month	-0.9%	+2.3%	-3.2%
1 year	-3.7%	+9.8%	-13.5%
2 years (p.a.)	+5.2%	+10.3%	-5.1%
Since inception <sup>3</sup>	+57.6%	+23.2%	+34.4%
Since inception (p.a.) <sup>3</sup>	+8.8%	+4.0%	+4.9%

## COMMENTARY

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. Since inception the Fund has returned +8.8% p.a. compared to the Benchmark return of +4.0%.

The Baza High Conviction Fund (the Fund) returned +0.8%<sup>1</sup> during May, underperforming the Benchmark, which returned +5.8%. Risk-on sentiment returned to the market during the month, with the majority of equity indices positive as trade war rhetoric eased. Despite no negative newsflow across the portfolio, the Fund's emerging companies were not able to keep pace with their larger peers. The Fund has contended with this dynamic over the last 24 months; with muted returns over the period. We have been patient with the Fund's holdings given their compelling valuation fundamentals. We expect that mean reversion for smaller companies is not far away.

The Fund's largest contributor was New World Resources (NWC, +2.1%). NWC announced a takeover offer from London-based copper producer Central Asia Metals (CAML.LSE) at a price of A\$0.05/sh, a +79% premium to the prevailing share price. At the time of the announcement, NWC was the largest junior mining holding for the Fund reflecting our view of the value of this high-grade, Arizona-based copper project. While we are pleased to crystallise a profit for the Fund, we believe the take-over price still represents only ~20% of the project's NPV – there may be money left on the table. We have since sold the Fund's holding and re-deployed the profit into other junior mining names within the portfolio. As we have covered in recent reports, there have been green shoots across the junior mining sector and our exposure to the sector has risen to 21% at month end.

The Fund's largest detractors for the month included a number of our larger holdings such as Southern Cross Electrical Engineering (SXE, -0.5%), Austin Engineering (ANG, -0.5%), SciDev (SDV, -0.6%) and Nido Education (NDO, -0.3%). Operating conditions for these companies have been broadly unchanged over the last month, with the market unwilling to look through flattish growth in FY25 to bid up their unchallenging market valuations at current share price levels. SXE, ANG and NDO trade on 9.2x, 6.5x, 7.5x P/E multiples respectively for FY26e. As difficult as it has been in the short-term to own these names (as other parts as the market become more expensive), we struggle to find better value in the market and portend that the best approach is to remain patient with these lower liquidity companies.

We wish to acknowledge the patience that has been shown by our fellow unitholders over the last few years as the Fund has been buffeted by a weak junior mining market and sluggishness in lower liquidity emerging companies. We are fully invested, personally and professionally, in the long-term success of the Fund and are leaving no stone unturned to ensure attractive returns will be achieved for all unitholders. The current challenging environment for emerging companies is temporary. These conditions historically tend to reverse over time, creating strong return potential for investors who can exhibit patience and maintain their fundamentally sound investments.

1. Post all fees and expenses  
2. Assumes reinvestment of distributions  
3. Since inception, 15-Jan-20

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## FUND SNAPSHOT

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	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 (unless focused on minimising environmental impact)	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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