



# SUSTAINABILITY REPORT 2022



BAZA  
CAPITAL





## **ACKNOWLEDGEMENT OF COUNTRY**

In the spirit of reconciliation, Baza Capital acknowledges the Traditional Custodians of country throughout Australia and their connections to land, sea and community. We pay our respect to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples.

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*Brayden McCormack*

**BRAYDEN  
MCCORMACK**

*W.S.*

**WILLIAM  
SANDOVER**

Dear reader,

Welcome to the Baza Capital Sustainability Report for financial year 2022 (FY2022).

This is our inaugural Sustainability Report and thus will provide insight into our sustainability and responsible investment outcomes to date, as well as for FY2022 specifically. The Sustainability Report will also provide a detailed overview of our Responsible Investment Framework.

Sustainability to us represents external and internal outcomes. We seek to effectively allocate capital to companies that have been assessed through our Responsible Investment Framework; thereby funding and encouraging strong environmental and social practices. We also strive for professional, consistent and transparent internal processes that support optimal decision making and strong long term risk/return outcomes for our unitholders. Appropriate, high quality and transparent internal processes enhance our ability to efficiently allocate capital to responsible companies. The achievement of these symbiotic external and internal sustainability outcomes has been a key focus of our business since inception.

We established Baza Capital in 2019 to formalise our passion for responsible investment and collective 22 years of capital markets experience. From the outset our aim has been to build competitive investment products for the relatively underserved areas of the responsible investment universe.

Baza Capital currently manages two active funds:

- **Baza Special Opportunities Fund** – Low correlation ASX-listed corporate situation investment
- **Baza High Conviction Fund** – Long-only ASX-listed small-cap investment

We exist today as an independent firm, owned and operated by us, the founders.

Our approach to investing involves avoiding owning companies that generate social or environmental harm, while optimising for risk and return. Our integrated responsible investment process ensures that potential investments are in line with our Responsible Investment Framework before focusing on the risk/return attributes. As part of our process we also look for investments in future facing industries with an opportunity for heightened long-term tailwinds and returns.

It is important that we recognise the limitations of our inaugural Sustainability Report. We have put together what we believe to be a fair and detailed overview of our responsible investment approach and outcomes with the means available to us. We expect the depth and sophistication of our Sustainability Reports will improve in the future as our business grows, particularly with respect to our tracking, measurement, and reporting of responsible investment data, and, in time, impact data. In future Sustainability Reports we intend to mark ourselves against appropriate external frameworks as well as our own internal Responsible Investment Framework.

Thank you very much for your support to date, and for taking the time to read this document.



# OUR VALUES

## Sustainability

We hold our investments and business to high sustainability standards.

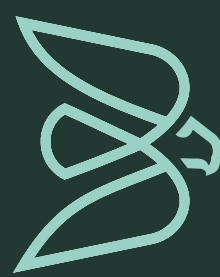
We look to reduce and ultimately offset our carbon footprint

We make annual donations to charities and not-for-profits.

## Investment excellence

We strive for superior investment decision-making.

We aim to generate attractive long term returns while managing risk.



## Transparency

We commit to transparency in our investment process, decisions and performance.

We want our unitholders to understand our approach and decision making process.

## Commonality of interests

The founders and other employees are incentivised in line with unitholder interests.

The founders are material investors in the Baza Capital funds.



## ABOUT THE FOUNDERS



### **BRAYDEN MCCORMACK**

Founding Director & Chief  
Strategy Officer

Brayden has over 12 years' experience in investment banking with a focus on equity capital markets.

Prior to founding Baza Capital, Brayden was an Executive Director at Vesparum Capital. At Vesparum Brayden managed over 20 fundraising transactions on behalf of clients with a focus on small-cap ASX-listed companies.

Brayden commenced his career in the UBS Investment Banking team, working on several M&A transactions and fundraisings, predominantly in the mining and infrastructure sectors.

Brayden holds a Bachelor of Commence and Bachelor of Engineering from the University of Melbourne. Brayden received first class honours and several awards including the Dean's Honours List and the best final year engineering project. Brayden also completed the Finance Honours program at the University of Melbourne and remains an industry partner of the faculty.

Brayden provides extensive pro-bono assistance to organisations that are fostering a sustainable future, and actively engages with his community – including as Treasurer of his local kindergarten. Brayden is passionate about investment and its potential for positive environmental and social impact.



### **WILLIAM SANDOVER**

Founding Director & Chief  
Investment Officer

William has over 14 years' experience in funds management, investment banking and corporate development.

Prior to founding Baza Capital, William was Head of Corporate Development at Danakali Limited (ASX: DNK), and was responsible for delivering a US\$50M strategic equity investment and dual listing the company on the London Stock Exchange.

William has worked at Australia's two leading investment banks, Macquarie Capital and UBS Investment Bank. William was part of the Equity Capital Markets team at Macquarie during the Global Financial Crisis when an unprecedented volume of equity raising activity occurred. At UBS, William worked in the resources advisory team concentrating on corporate transactions such as fundraisings, mergers & acquisitions (M&A), and block trades.

William was an Executive Director and the first non-founder member of the Vesparum Capital leadership team.

William is formerly a Board member and Treasurer of Beyond Zero Emissions, a leading Australian climate-change think tank.

William holds a Master of Finance (Investment Banking) from French business school INSEAD and a Bachelor of Commerce (Finance) & Science (Applied Mathematics) from the University of Western Australia.

William is passionate about preventing climate change, protecting ecosystems, and encouraging biodiversity.



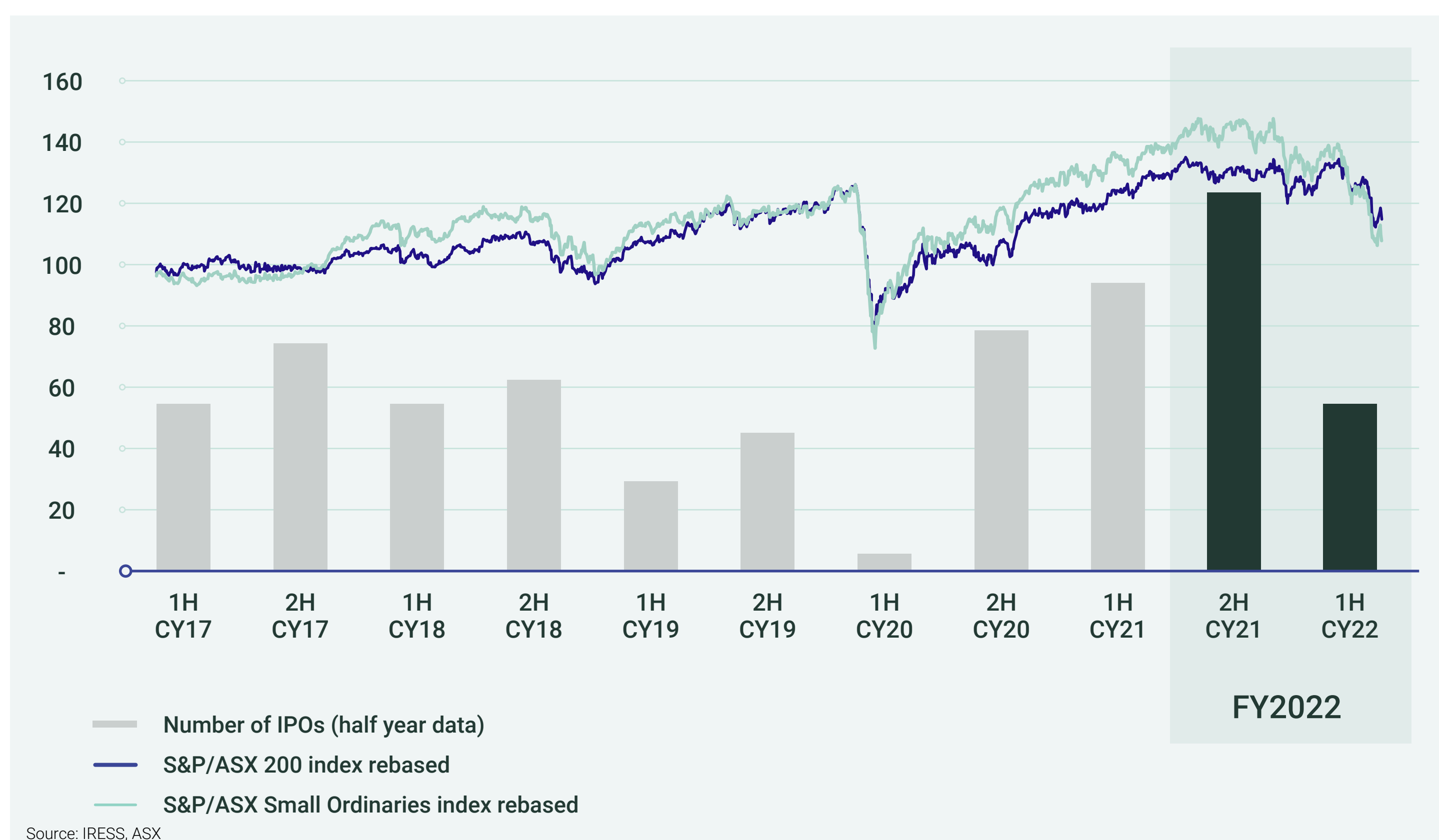
# YEAR IN SUMMARY

FY2022 was a challenging year for equities. Broader financial markets, geopolitics and the environment were all particularly volatile and this crescendoed as the year progressed. Our perspective on the year was shaped by our focus on emerging companies, corporate situations, and responsible investment.

The start of FY2022 saw the continuation of euphoric market conditions, particularly for emerging companies and associated corporate situations such as fundraisings and M&A. This was perhaps best demonstrated through the record launch of initial public offerings (IPOs). 126 companies listed on the ASX in 1H FY2022, raising a total of A\$7.5Bn, in contrast with the first halves of FY2017 to FY2019, which averaged A\$3.6Bn. The majority of the IPOs in 1H FY2022 were for pre-profitability emerging companies.

With the benefit of hindsight, as we write this summary in late calendar year 2022; signs of weakness in equity markets were evident through the chronic underperformance of IPOs in November and December 2021 when retail investor sentiment soured rapidly. Several high-profile IPOs opened at share prices up to 50% below the issue price as investors, often making an IPO investment decision months earlier, were left holding shares in speculative companies which had achieved lofty IPO valuations in a different market environment. This was most evident at the smaller end of the market, where there is heightened sensitivity to investor sentiment. The negative sentiment spread from emerging and smaller companies in late 1H FY2022 to larger companies in 2H FY2022. This dramatically accelerated in May 2022 and a pronounced bear market commenced. We remain within this bear market at the time of writing.

## IPO VOLUME OVER LAST 5 YEARS AND CORRESPONDING EQUITY MARKET PERFORMANCE

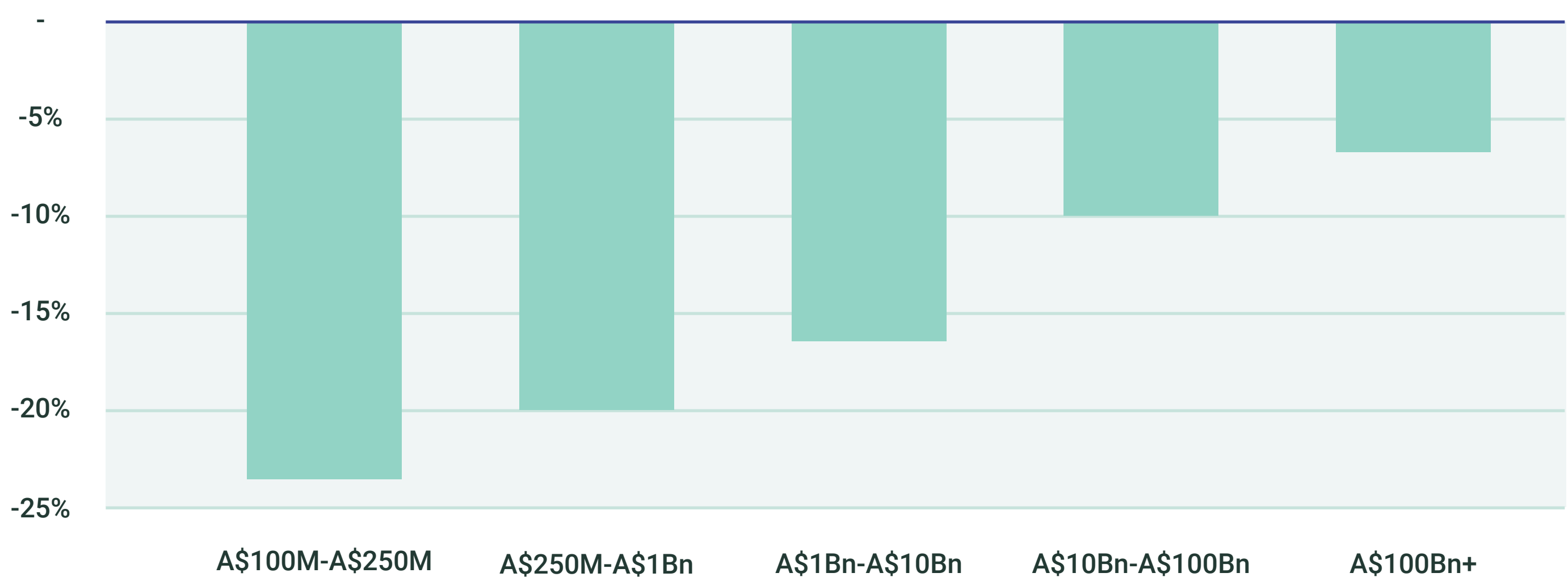




Over the course of FY2022 there was a proliferation of companies making Environmental, Social & Governance (ESG) claims in their disclosure and investor materials. We assessed many of these companies as part of our Responsible Investment Assessment process, and found many of these claims were often excessive, unfounded, and/or conceptual in nature. We see this as in line with the market excesses observed and a 'this is what investors want to see' mentality. We are seeing sustainability disclosure in almost all investor presentations we receive, a particularly marked change in recent years as relates to smaller emerging companies. We are very supportive of an increased focus on ESG matters, but we hope to see clear parameters, accountability, reporting and follow-through.

Adding to broader equity market negativity, global equities were rocked by significant geopolitical events in 2022, including the invasion of Ukraine by Russia and China's 'Zero COVID' economic slowdown. These exacerbated existing supply chain issues. Small cap stocks continued to face the brunt of the general risk-off sentiment. The underperformance of smaller companies was stark as illustrated below:

### **EQUAL WEIGHTED PERFORMANCE OF ASX COMPANIES (FY2022, SPLIT BY MARKET CAPITALISATION)**



Source: IRESS

Share price falls in the last 3 months of FY2022 were broad-based. Commodity price decreases in June 2022 accentuated weakness in junior mining stocks – a key component of the small-cap landscape for the ASX. Minerals critical to electrification such as lithium, nickel, copper, cobalt, rare earths and graphite were not immune to short term fluctuations despite their strong long-term fundamentals with high demand and predicted supply deficits in the coming decade.

High energy prices were another feature of FY2022, particularly in 2H FY2022 as Russia's invasion of Ukraine led to significant issues with energy security and supply globally (particularly in the eurozone). Fossil fuels producers outperformed the market substantially during this time period. These dynamics accentuate the need for decisive action to transition the global energy mix. We passionately believe that Baza Capital can help this transition through the considered investment of capital towards companies involved in electrification and other decarbonisation pursuits, and through strictly no investment in fossil fuels, and significant service providers to fossil fuels companies.

There have been some signs of optimism as we exit CY2022 (at time of writing), mostly with respect to data points showing that inflation may be peaking. However, it appears we remain at a critical juncture with numerous global dynamics, as well as the increasing urgency of climate change action as extreme weather events accelerate.

We continue to work hard to identify compelling emerging and corporate situation investment opportunities from risk, return and responsibility perspectives. By focusing on future facing industries, companies with strong responsible investment credentials and direct investment through fundraisings, we are allocating capital towards positive progress on key global challenges.



# BAZA CAPITAL HISTORY

## 2019

### NOVEMBER

Baza Capital established

## 2020

### JANUARY

Baza High Conviction Fund launched

### SEPTEMBER

Baza Special Opportunities Fund launched with cornerstone investment from fossil free superannuation fund, Future Super

### OCTOBER

Reached A\$10M in funds under management

## 2021

### JULY

Reached A\$20M in funds under management

### NOVEMBER

1,000 entries into our responsible investment database

## 2022

### JANUARY

Reached A\$30M in funds under management

### JULY

1,500 entries into our responsible investment database



# 2022 SUSTAINABILITY ACHIEVEMENTS

**NO DIRECT INVESTMENT  
IN FOSSIL FUELS AND OTHER  
HARMFUL COMPANIES**

**1,181**

**detailed responsible investment  
assessments completed**

**5%**

**of our net profits donated to charity  
in FY2022**

**A\$10M**

**invested directly onto the balance sheet  
of companies deemed to have strong  
responsible investment credentials**

**A\$36M**

**invested directly onto the balance sheet  
of companies that passed Baza Capital's  
Responsible Investment Assessment**

**73%**

**of companies owned by Baza High  
Conviction Fund directly align with one  
or more of the United Nations  
Sustainable Development Goals**

**Directly engaged with**

**90+**

**ASX-listed company management teams**

**CARBON NEUTRAL**

**business operations in FY2022**



# SNAPSHOT OF OUR FUNDS

WE ARE COMMITTED TO INVESTING RESPONSIBLY ON BEHALF OF OUR UNITHOLDERS

We have two funds available for Australian Wholesale Investors (as defined in section 761G of the Corporations Act):

- the **Baza High Conviction Fund**, which aims to identify and own emerging ASX-listed companies that can provide sustainable, long-term shareholder returns; and
- the **Baza Special Opportunities Fund**, which aims to generate attractive returns with low correlation to the S&P/ASX 200 through targeting opportunities associated with corporate situations in ASX-listed companies.

Both of our funds utilise our Responsible Investment Framework, which is fully integrated with our broader investment process. We have executed this since inception of both funds and have compiled a comprehensive responsible investment database for ASX-listed companies.

## Baza High Conviction Fund overview:

We launched the Baza High Conviction Fund in January 2020 as a responsible, long-only small-cap fund with a concentrated portfolio of 20-40 companies. To 30 June 2022, the fund has generated investment returns of 15.5% p.a. (post fees and expenses) compared to -2.8% p.a. for its benchmark, the S&P/ASX Small Ordinaries Accumulation Index.

Our investment approach is to identify and own emerging companies that can provide sustainable, long-term shareholder returns.

We believe there is significant opportunity for heightened long-term returns through investing in future facing industries such as healthcare, education and electrification.

To date the Baza High Conviction Fund has focused on companies that generally satisfy the following parameters:

- **High revenue growth (e.g. +10% p.a).** We focus on companies with relatively predictable revenue streams experiencing periods of heightened growth.
- **Profitable.** We look for companies at or near profitability, with a proven business model and demonstrated operational leverage.
- **Future-facing.** We invest in positive industries with long term tailwinds and avoid those that cause environmental and social harm.
- **Smaller stature.** We focus on companies with a market capitalisation between A\$50M and A\$250M at time of investment.
- **Strong valuation upside.** We invest in companies trading at a significant discount to our assessed fundamental valuation.
- **High quality management teams.** We focus on those teams that have 'done it before', are honest and treat stakeholders with respect.

## Portfolio as at 30 June 2022<sup>1</sup>

Healthcare/ Education	27%
Technology	16%
Energy minerals (e.g. lithium, rare earths)	10%
Industrials	10%
Base metals (e.g. copper, nickel)	7%
Professional services	6%
Other mining	6%
Consumer products	5%
Financial services	5%

1. Cash was 8% of the portfolio as at 30 June 2022





## Baza Special Opportunities Fund overview:

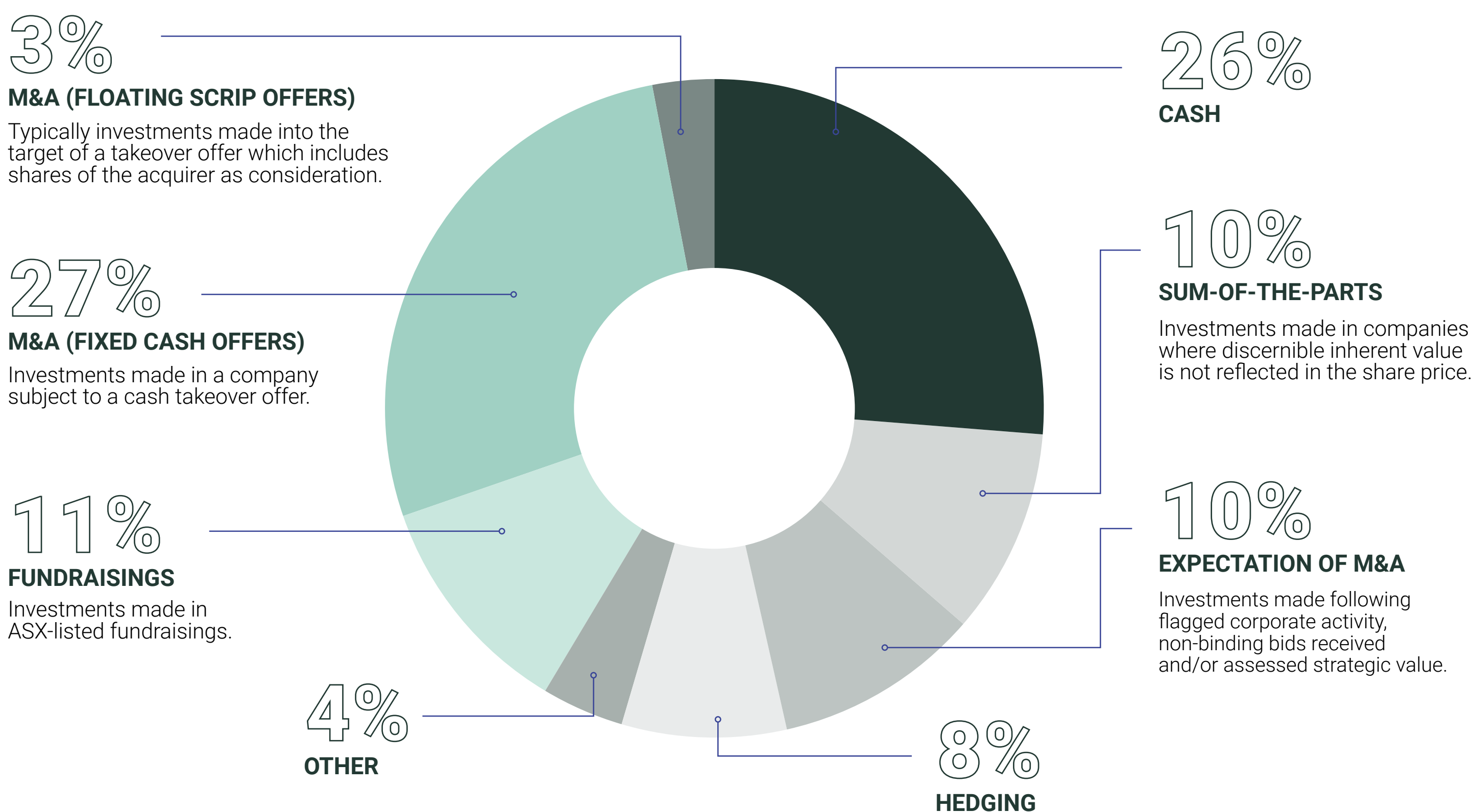
We launched the Baza Special Opportunities Fund in September 2020 with an event-driven, multi-strategy approach investing in ASX-listed securities. To 30 June 2022, the fund has generated investment returns of +3.2% p.a. (post fees and expenses).

The fund seeks a low correlation with the S&P/ASX 200 by targeting opportunities that arise in listed companies subject to specific corporate situations. These corporate situations include but are not limited to: M&A, fundraising transactions, strategic reviews, sum-of-the-parts, block trades and capital management.

We have custom-built databases and automated screening processes to efficiently filter and assess a large volume of company disclosures and trading data. The team at Baza Capital have over 26 years' collective experience in investment banking, independent advisory and corporate development which has refined a deep understanding of corporate and capital markets dynamics. This union of quantitative and qualitative insight facilitates the assessment of a vast opportunity set and enables prompt and effective decision-making.

The Baza Special Opportunities Fund strategy breakdown can be seen below.

## BAZA SPECIAL OPPORTUNITIES FUND STRATEGY EXPOSURES (AS AT 30 JUNE 2022)





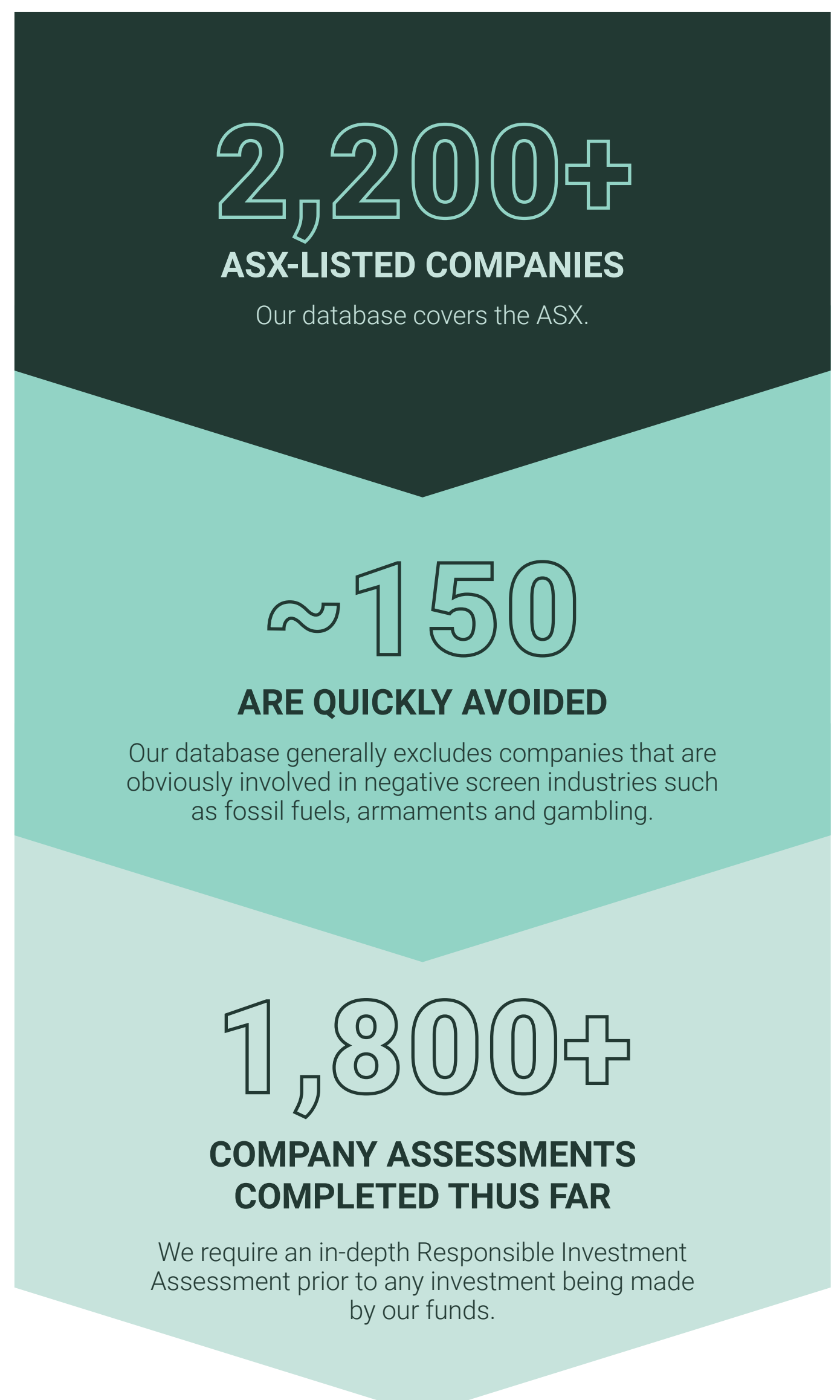
# OUR APPROACH TO RESPONSIBLE INVESTMENT

## RESPONSIBLE INVESTMENT APPROACH



**WE HAVE DEVELOPED A RESPONSIBLE INVESTMENT FRAMEWORK THAT IS FULLY INTEGRATED WITH OUR FUND PROCESSES AND HAS BEEN SINCE INCEPTION.**

Our Responsible Investment Framework has been developed to apply to all potential investments. We found that third party responsible investment data is not readily available outside the S&P/ASX 200 and can be inconsistent across and within providers when it is available. We decided to build our own bespoke database and process to cater for the myriad of business types and sizes that we encounter across the ASX (currently 2,200+ companies). Our process is thorough and detailed; we capture over 50 data points in each assessment.







## Negative screens

Our approach to responsible investment starts with a screening process which ensures no direct investment in our 'negative screens'. These represent industries and practices which we believe can have negative social and/or environmental impact.

Our negative screens are outlined below:

Direct involvement in fossil fuel exploration, development, or production.	Provision of significant services to fossil fuel industry (no investment if 25%+ of revenue or operational focus).
Primary operations relate to gambling.	Direct revenue from destruction of ecosystems.
Direct revenue from carbon intensive agriculture (no investment if 25%+ of revenue or operational focus).	Direct revenue from animal cruelty (including live animal export).
Direct revenue from old growth logging.	Direct revenue from development of military technology or manufacturing of armaments.
Direct revenue from tobacco production.	

## Diversity investigation

We also investigate the diversity of Boards and senior management prior to investment. This involves assessing policies that relate to diversity, any measurable objectives and the company's progress against these. Our diversity screening process is particularly relevant when investigating companies outside the S&P/ASX 200.

## Controversy screening

We avoid investments in companies that have had evident environmental, social or governance controversies in recent times without satisfactory remedy. Controversies are investigated for all investments and evaluated on a case-by-case basis. Examples of controversies that fail our Responsible Investment Framework include (non-exhaustive):

- Board remuneration and independence issues
- Environmental catastrophes
- Destruction of sacred property or artefacts
- Clear ignorance or intentional breaking of laws & regulations
- Sexual harassment, misconduct and/or assault charges
- Insider trading

The controversy assessment is also applied to existing investments. For example, Baza Special Opportunities Fund held a position in a mineral explorer that, subsequent to investment, reported it had undertaken exploration activities within a national park exclusion zone. The position was promptly divested.





## Future-facing industries

We believe there is significant opportunity for heightened long-term returns through investing in future facing industries. Examples of some of the future facing industries that we focus on (non-exhaustive):



**Healthcare  
& well-being**



**Education**



**Electrification**



**Renewable  
energy**



**Carbon  
mitigation**

Such industries have tailwinds due to the likelihood of government and regulatory support, accentuated flows of capital, and other idiosyncratic long term macro factors.

## Responsible investment scale-ups

Future facing industries can generate positive social and environmental externalities which we support through direct investment onto company balance sheets in fundraising transactions where possible. We have the ability to scale-up such investments by up to 25% relative to the investment level determined through our risk/return assessment.

We also scale-up investments in companies that have particularly strong responsible investment credentials on the same basis (direct investment and by up to 25%). This may include assessment of ESG policies, practices, reporting and/or outcomes. We are able to scale-up for strong responsible investment credentials in neutral industries as well as future facing industries.

In FY2022, we invested A\$36M directly onto the balance sheet of companies that passed the Baza Capital Responsible Investment Assessments; and A\$10M directly onto the balance sheet of companies deemed to have particularly strong responsible investment credentials.

## Clarification and up to date information

We engage with company management teams to clarify when reported responsible investment information is unclear.

In all cases our final Responsible Investment Assessment is undertaken immediately prior to final investment decision to ensure up-to-date and detailed information is recorded. Once invested we assess a company's responsible investment characteristics on an ongoing basis in line with updated company disclosure.





# OUR APPROACH TO MINING INVESTMENT

Our framework includes a detailed process for investing in mining companies that are playing a critical role in electrification. The process leverages the experience of the Baza Capital founders who have worked in industry and as corporate advisors across the operational stage spectrum of mining companies (from single commodity explorers to some of the world's largest multi-commodity producers). Our approach considers an assessment of the commodity as well as the parameters of the mine (or prospective mine).

To invest in a mining company at the project construction or production stage there must exist detailed strategies on how carbon emissions will be monitored, reported and mitigated. Mining feasibility studies and ongoing reporting once in production increasingly provides disclosure of potential Scope 1 and Scope 2 emissions, which aids in this assessment.

We also assess the ecosystem impact of mines and monitor any controversies relevant to the company's conduct with respect to interactions with the environment, social outcomes (including impact on local communities) and governance.

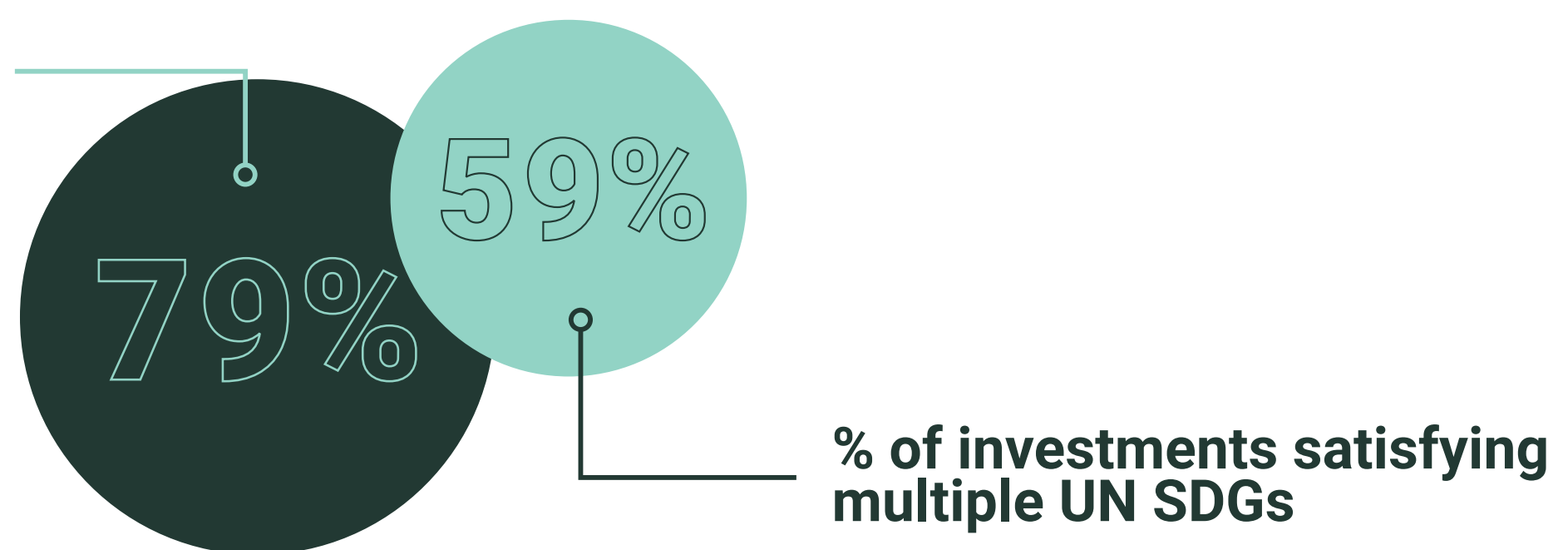
Our approach also considers the merit of investment in commodities that are critical to the transition to a net zero emission economy. Minerals such as rare earths, copper, graphite, lithium and nickel are preferred commodity exposures, provided potential mines and mine developments fit our required parameters. We scale up investments in fundraisings relating to these commodities, as well as where a mining company has otherwise shown strong responsible investment credentials, such as strong community programs, stakeholder co-operation (particularly in the case of native peoples), and commitment to retention and encouragement of biodiversity (non-exhaustive).



# UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

We recognise the United Nations Sustainable Development Goals (UN SDGs) as a valuable external reference for our business and portfolio. While the UN SDGs have not made up part of our Responsible Investment Framework or broader investment process to this point, we check our general alignment of portfolio companies with the UN SDGs. This is particularly relevant for the Baza High Conviction Fund where holding periods are typically longer and investments are larger on a relative to funds under management basis.

**% of investments satisfying 1 or more UN SDG**



## UN SDGs REPRESENTED IN THE BAZA HIGH CONVICTION PORTFOLIO (AS AT 30 JUNE 2022)

Goal	Number of Baza High Conviction holdings	% of Baza High Conviction investments satisfying	% of Baza High Conviction FUM
2 Zero hunger	1	3%	1%
3 Good health and well-being	6	16%	24%
4 Quality education	1	3%	5%
5 Gender equality	2	5%	12%
7 Affordable and clean energy	13	35%	18%
8 Decent work and economic growth	9	24%	27%
9 Industry, innovation and infrastructure	14	38%	43%
11 Sustainable cities and communities	2	5%	6%
12 Responsible consumption and production	1	3%	1%
13 Climate action	15	41%	25%





# OUR COMPANIES

Before an investment is made, prospective companies are put through our detailed Responsible Investment Assessment.

The Baza High Conviction Fund and the Baza Special Opportunities Fund incorporate meetings with management as an important part of the diligence process. Across FY2022 the team had meetings with 90+ management teams, often meeting multiple times prior to an investment being made.

Selected portfolio company case studies follow.





# MONASH IVF GROUP

Investment in the Baza High Conviction Fund and Baza Special Opportunities Fund

## About

Monash IVF is a leader in human fertility services and specialist women's imaging services in Australia and Malaysia. Monash IVF is committed to providing industry leading success rates coupled with innovative technology and research to ensure patients have the highest possible chance of a successful outcome.

## Healthcare outcomes

Monash IVF delivered 9,783 stimulated in-vitro fertilisation (IVF) cycles across FY2022, representing 18.9% market share across Australia over the same period.

The company has a strong focus on improving IVF success rates and invests heavily into research & development to ensure they remain market leaders. High IVF success rates improve aggregate pregnancy outcomes across its client base and helps to reduce overall cost and stress for patients.

In FY2022 the IVF success rate was ~42% per transfer which positions Monash IVF as an industry leader. Key management personnel also have a clinical pregnancy success rate threshold before any financial incentives are paid, creating strong alignment across the business with the best patient outcomes.

In FY2022 Monash IVF collaborated with Memphisys (ASX: MEM) on their novel sperm selection device development, which could lead to further improvements in fertilisation efficacy. Monash IVF is assisting with phase 1 clinical trials.

## Diversity and inclusion outcomes

Monash IVF has an industry leading focus on diversity (including LGBTQIA+) in customers and employees as a key pillar of business growth and to generate positive social impact.

The company has formed a Diversity and Inclusion Council which monitors several initiatives including:

- A partnership with Pride in Diversity, a national not-for-profit employer support program for the LGBTQIA+ community
- Professional development programs in areas of diversity and inclusion provided at all levels of the organisation
- Policies that encompass flexible work arrangements promote work/life balance
- Mentoring programs
- Networking opportunities

In addition, Monash IVF has the clear measurable objective of no less than 30% male and 30% female Board and Senior Executive representation.





# GENETIC SIGNATURES

Investment in the Baza High Conviction Fund

## About

Genetic Signatures is a researcher, developer and manufacturer of molecular polymerase chain reaction (PCR) based test kits for infectious diseases. The company's proprietary platform technology, 3base™, which was developed by CSIRO, provides high-volume hospital and pathology laboratories the ability to rapidly screen for a wide array of infectious pathogens with a high degree of specificity. Their unique technology is commercialised through their EasyScreen detection kits.

Genetic Signatures EasyScreen detection kits currently offer over 150 pathogen targets across enteric, respiratory, anti-microbial resistance, sexual health and tropical diseases and more will be added. These efficient diagnostics allow for earlier and more effective treatment of disease.

## Healthcare outcomes

The EasyScreen product is currently being sold and used by pathology laboratories in Australia and Europe. At the end of FY2022, their EasyScreen Enteric Protozoan Detection kit was recruiting for its US-based clinical trial; one of the final steps towards receiving FDA Clearance expected in FY2023. Protozoan infections are among the leading contributors to diarrhoeal disease and the leading cause of mortality of children under five years old. Genetic Signatures' detection kit will allow for rapid and accurate detection with an addressable market size of 5.5 million tests per annum. To support this product and improve clinician and pathologist education, Genetic Signatures launched a white paper and educational webinar series on the 'Advances in Gastrointestinal Protozoa Testing' which highlights the value of employing molecular techniques for rapid and accurate identification of pathogenic parasites, critical to providing timely and appropriate patient management and reduced disease burden.

In the face of global COVID-19 outbreaks during FY2022, Genetic Signatures expanded its production capabilities at its headquarters in Sydney, Australia to meet the significant growth in demand, ensuring reliable supply of EasyScreen SAR-CoV-2 Detection kits to the existing customer base.

To further address clinically relevant infectious diseases, Genetic Signatures has more than 5 new product groupings at various stages of development and formally initiated a program to develop a next generation, fully automated instrument for high volume 3base™ testing.

## Diversity outcomes

Genetic Signatures' seeks to be an inclusive and empowering organisation, with a target for 30% of Non-Executive Directors to be female within 3 years. Genetic Signatures recently added a female Board member in line with their target.

In FY2022, employee engagement reflected an empowering workplace culture with an Employee Net Promoter Score (a standard measure of overall loyalty to a company) of 83%, and an employee engagement score of 79%.





# SYRAH RESOURCES

Investment in the Baza High Conviction Fund and Baza Special Opportunities Fund

## About

Syrah's vision is to be the world's leading supplier of superior quality graphite and anode material products, working closely with customers and the supply chain to add value in battery and industrial markets. Graphite is considered a strategic critical mineral and is used in the anodes of lithium-ion batteries. Currently, the global anode supply chain is largely dependent on China and Syrah hopes to diversify global graphite anode availability.

## Electrification outcomes

Syrah produces graphite at the Balama mine in Mozambique and will process the Balama graphite output at the Vidalia Active Anode Material (AAM) Processing Facility in the USA. Processing at Vidalia has commenced for customer qualification purposes and commercial anode production is expected to commence in 2023. The anodes will primarily be used in electric vehicles. Syrah has binding offtake or memoranda of understanding relating to offtake with multiple world class partners including LG, Ford and Tesla. The vertical integration of Balama with Vidalia has the potential to make Syrah the world leader in ex-Asia AAM supply.

## Strong reporting and transparency

Since 2018, Syrah has released quarterly sustainability updates with in-depth reporting on core focus areas of health & safety, people & culture, community development, governance, and environmental impact. At the centre of Syrah's reporting is a core focus on achieving high environmental standards, with policies including environmental monitoring, water, waste and greenhouse gas management, and community awareness and action campaigns.

Syrah also has excellent diversity and inclusion policies. They have 33% females on their Board, and a goal of 50%  $\pm$  10% by 2025.





**REGENCO**  
VALUE THAT GROWS

# REGENCO

Investment in the Baza High Conviction Fund and Baza Special Opportunities Fund

## About

RegenCo provides a natural capital management program that assists farming landholders in developing and marketing their own Australian Carbon Credit Units (ACCUs), with regeneration projects across Australia. RegenCo's core focus is on optimising environmental procedures and production to facilitate the generation of ACCUs, which can be sold to produce income.

## Environmental outcomes

Optimal agriculture practice is pivotal to important macro issues such as food supply, climate change and environmental resilience. RegenCo's mission is to decarbonise agriculture through a shift to regenerative farming and provide carbon credits so that other industries can reach net zero emissions.

RegenCo's business model focuses on partnering with landowners to design and implement carbon farming projects in order to earn carbon credits. Carbon storage management intervention opportunities currently include:

Human induced regeneration of native forest

Avoided clearing of native forest

Planting of native forest

Soil carbon sequestration

Beef cattle herd management

## Traditional owners

RegenCo has several initiatives in place to ensure active engagement with indigenous communities. These include collaboration with two traditional owner organisations on a conservation cattle and carbon concept project, and a feral camel management project, respectively.





# SERVICE STREAM

Investment in the Baza High Conviction Fund

## About

Service Stream is a provider of end-to-end essential network services to the utilities, telecommunications, and transport industries. Their services include design, construction, operation, and maintenance processes. Service Stream operates across all states and territories, has a workforce in excess of 4,500 employees and access to a pool of over 5,000 specialist subcontractors.

## Sustainable construction outcomes

Service Stream collaborates with public and private asset owners, operators, and regulators across the country to contribute to critical infrastructure networks that Australians depend on. The company operates in the utilities, telecommunications, and transport markets, providing critical services to water and wastewater, electricity and energy, road and tunnel intelligent transport systems, and fixed line and wireless telecommunications infrastructure.

### Service Stream's essential services work accomplishments include:

**1,500km+**

of wireless telecommunications sites designed, deployed and constructed p.a.

**10,000+**

Intelligent Transport Systems and electrical devices maintained annually

**43,000km+**

of road network (incl. unsealed roads) maintained

**550kw+**

of solar PV installations completed per month

## Strong reporting and transparency

Service Stream releases an annual Sustainability Report which outlines their social initiatives and policies.

These include:

- High quality diversity and inclusion policies with a commitment to maintaining at least 30% females on their Board
- A strong focus on Aboriginal and Torres Strait Islander engagement with A\$38 million committed in contracts and spend across Aboriginal and Torres Strait Islander support programs, organisations, and partners in FY2022
- Greenhouse gas and renewable energy policies resulting in a 20% reduction in total scope 1 and scope 2 emissions in FY2022 compared to FY2021, and a commitment to 50-60% reduction in scope 1 & 2 emissions by 2035
- Other environmental policies focused on waste, erosion and sedimentation, pollution, flora and fauna, and biosecurity
- Industry leading health and safety, community, people, and governance policies, procedures and outcomes



# INTERNAL INITIATIVES

**We believe a robust internal sustainability platform is paramount in order to achieve our external sustainability aims. We place a great focus on transparency, compliance and our environmental footprint among other internal initiatives.**

## Transparency

Transparency with respect to our investment process (including risk/return and responsible investment), fund performance and internal protocols, is integral to our business. Our unitholders and other stakeholders have put their trust in us, we wish to reciprocate with strong transparency practices.

With respect to risk/return assessment, we profess to our mistakes, exposing them makes the learning sharper and shows respect to our unitholders. We provide detailed snapshots of our portfolios, investment decisions and portfolio valuation through our regular and detailed reporting.

- **Monthly Pricing Report.** Unitholders receive a Monthly Pricing Report containing unit pricing and commentary on significant movements and key updates for the portfolio during the period.
- **Quarterly Performance Report.** Unitholders receive a Quarterly Performance Report containing unit pricing and detailed updates on the fund/s they are invested in, including commentary, case studies, portfolio snapshots, significant movements and other key updates.

We see transparency regarding our Responsible Investment Framework as a key channel for advocacy. While some elements of our Responsible Investment Framework represent intellectual property for our business – most pertinently our database of over 1,800 Responsible Investment Assessments – we want to see more funds operating with strict responsible investment approaches. We are keen to encourage and assist through sharing our parameters. We are also open to partnering with external stakeholders to utilise our data for considered advocacy and activism.

Our internal policies, protocols and related databases are available on request and detailed in various paragraphs that follow in this section.

## Environment

We are committed to managing our environmental impact. We seek to minimise our footprint where possible, and then offset our residual emissions with biodiversity & reforestation carbon credits.

We have a focus on low impact office consumables and travel. The use of limited printing and reusable takeaway coffee cups helps us to reduce office wastage.

Baza Capital's office space is within the carbon neutral co-working offices run by Hub Australia. The Hub space was specifically chosen due to its excellent environmental standards which align with our own.

Flexible work arrangements, limited domestic travel and currently no international travel reduce Baza Capital's carbon footprint. Where flights are unavoidable, carbon offsets are purchased at the time of ticket purchase. Carbon offsets are purchased to offset road transport at the end of each financial year.



## People

At Baza Capital, we aim to foster a diverse, inclusive, and safe work culture. Open communication is encouraged across all team members with policies in place to ensure an environment of collaboration and integrity. Employees are provided with appropriate training opportunities and are supported in acquiring further education and accreditations.

### Staff employed over FY2022

Level	Female	Male	Total
Executives	-	2	2
Analysts	1	-	1
Casual Analysts	1	1	2
Total	2	3	5

Casual Analysts are employees that work with Baza Capital on a casual basis while completing their tertiary studies. Baza Capital has had 4 Casual Analysts work with the business since commencement. We are passionate about educating and encouraging the next generation of responsible investment professionals.

### Oversight and unitholder protection

The funds have a number of external oversight entities and mechanisms which encourage strong accountability by Baza Capital as the investment manager and provide best-in-class protections for investors.

#### Trustee & AFSL provider - True Oak Investments Limited

True Oak's role is to protect unitholders and ensure compliance as legislated by the Corporations Act 2001 (Cth) and ASIC guidance. True Oak has also appointed Baza Capital as a Corporate Authorised Representative under its AFSL with authority to provide general advice about the funds and deal in the investments in the funds. The duties, responsibilities and powers of the Trustee are set out in the respective fund Trust Deeds, available by request.

The Trustee also has the obligation to step in and operate the funds in the event anything happens to Baza Capital. This includes any impropriety of Baza Capital or breach of the Investment Management Agreement between True Oak and Baza Capital. All bank accounts of the funds are held by True Oak on behalf of unitholders. True Oak refers to trust disclosure documents and the Trust Deeds before authorising any transfer of funds requested by Baza Capital. True Oak also ensure investment decisions comply with the respective fund investment strategies and the Trust Deeds.

#### Administrator - William Buck Funds Administration (SA) Pty Ltd

William Buck has been appointed to provide professional services to facilitate the administration, accounting and registry maintenance of the funds, including with respect to Know Your Client and Anti-Money Laundering best practice. William Buck provides monthly accounts, including independent unit pricing, as well as quarterly and annual taxation reporting for the funds.

#### Custodian - Certane CT Pty Ltd

Certane has been appointed as an independent custodian to hold the assets of the funds. The Custodian's role is to hold the assets in its name and act on the direction of the Trustee to effect cash and investment transactions.





## Compliance

All activities are conducted in compliance with the relevant regulatory frameworks and in line with a detailed Compliance Handbook provided to Baza Capital by the trustee of our funds, True Oak. Baza Capital employees undertake the appropriate training hours per year necessary to maintain an Australian Financial Services License (AFSL).

Baza Capital recognises and abides by the Anti-Money Laundering/Counter-Terrorism Financing (AML/CTF) Laws.

### Baza Capital's policy suite:

<b>Privacy Policy</b> A copy of which can be found on our website, <a href="http://www.baza.capital">www.baza.capital</a>	<b>Baza Internal ESG Policy</b> A copy of which can be provided on request. <ul style="list-style-type: none"><li>• Overview of internal focus areas</li></ul>
<b>Baza Capital Employee Securities Trading Policy</b> A copy of which can be provided on request. <ul style="list-style-type: none"><li>• Among other restrictions and guidelines, Baza Capital employees are restricted from trading in any securities held by the Baza Capital funds</li></ul>	<b>Baza Internal ESG Policy Guidelines</b> A copy of which can be provided on request. <ul style="list-style-type: none"><li>• Specific policy guidelines</li></ul>

We carry out monthly compliance meetings which cover updates on corporate professional development training, marketing meetings undertaken, employee conflicts, wall crossings (i.e. receipt of non-public information on listed securities which means that we cannot trade the relevant security until cleansed) and cybersecurity; among other items. Detailed logs, registers and databases are maintained, which we are able to provide on request.

## Unitholder alignment

Unitholder alignment is essential to the long-term success and balanced conduct of Baza Capital as the investment manager of the funds. The Founding Directors are heavily invested in each fund – the majority of their respective risk capital is allocated across Baza High Conviction and Baza Special Opportunities.

Further, Baza Capital's compensation for management of the fund is as follows:

- Management Fee of up to 1.5% (incl. GST) per annum of the net asset value of each fund. The management fee is largely attributable towards coverage of unclaimable (against the fund) costs of the business including base salaries for employees.
- Performance Fee of up to 20% (incl. GST) of each fund's performance above its respective benchmark. The performance fee has the potential to be the most material aspect of Baza Capital compensation and, as such, leads to clear alignment to unitholders in terms of business continuity and prosperity through long term return outperformance.





## **Complaints**

If unitholders have a query or complaint, they are able to contact [investors@baza.capital](mailto:investors@baza.capital) in the first instance. We will acknowledge a complaint received by email within 1 business day and will then give proper consideration to the complaint and advise of the outcomes within 30 calendar days after receipt of the complaint.

Baza Capital has received no formal complaints to date.

## **Community involvement**

Baza Capital employees are active in the community, with over 100 hours worked in a voluntary capacity across FY2022. This includes mentoring and working with a local, community-run kindergarten in an executive capacity to provide assistance around COVID and some other initiatives.

Baza Capital employees are encouraged to provide pro-bono assistance to mission-driven organisations. This has been carried out in several instances previously and continues to be nurtured on an ongoing basis. We are keen to contribute to the sustained development of the responsible investment and corporate ecosystem in particular.

## **Philanthropy**

Baza Capital is committed to donating to charities and not-for-profit organisations. Each year Baza Capital donates a proportion of its profits to such organisations. In FY2022 we donated 5% of total profit to charities and not for profits. Employees pick causes that they are particularly passionate about and direct their portion of the donation pool to the charities and not-for-profits of their choice.





# BAZA CAPITAL ACKNOWLEDGEMENTS

The team at Baza Capital would like to extend our appreciation to the many people and organisations that have helped us in our journey to date.

First and foremost, our unitholders, whose continued support in a time of uncertainty has allowed us to spend time focusing on process improvements and striving for long term excellence.

Future Super who has provided cornerstone investment and mentoring.

Our families and friends for their continued support and belief in what we are building.

Our staff and external service providers whose hard work and expertise has perpetuated the early progress of our business.

Our broader funds management, corporate advisory and broking network who have provided us with counsel, opportunities and, in some cases, investment in our funds; as well as enriching our idea set and insights.



# CORPORATE DIRECTORY

## FUND MANAGER

Baza Capital Holdings Pty Ltd (ABN 70 660 169 595)  
Corporate Authorised Representative No. 001297482  
[www.baza.capital](http://www.baza.capital)

### **William Sandover**

Founder & Chief Investment Officer  
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### **Brayden McCormack**

Founder & Chief Strategy Officer  
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## TRUSTEE

### **True Oak Investments Ltd**

ABN 81 002 558 956 / AFSL No. 238184  
143 Bourke Street, Goulburn NSW 2580  
+61 414 818 394  
[john@trueoakinvestments.com.au](mailto:john@trueoakinvestments.com.au)

## ADMINISTRATOR

### **William Buck Managed Funds Administration (SA) Pty Ltd**

Level 6, 211 Victoria Square, Adelaide SA 5000  
+61 8 8409 4333  
[sa.registry@williambuck.com](mailto:sa.registry@williambuck.com)

## CUSTODIAN

### **Certane CT Pty Ltd**

Suite 19, Level 19, 60 Castlereagh St  
+61 2 9053 2201  
[contact@certane.com](mailto:contact@certane.com)  
[certane.com](http://certane.com)



Bazas are a genus of bird of prey – medium-sized hawk-like birds that are native to Australia, South-East Asia and Africa. They typically perch on the highest crest of trees in dense forest, utilising their keen sight to patiently and tirelessly search and assess, before selecting optimal opportunities.

**BAZAS ARE  
INDEPENDENT,  
ALERT  
AND DISCREET**