



DMX Capital Partners Limited

Investing in the most compelling small and micro-cap value opportunities

Investor Briefing: February 2018



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Who is DMX Asset Management



Investing in the most compelling small and micro-cap value opportunities on the ASX

Emerging, fast growing fund manager, with \$12m+ AUM

AFSL license holder & subsidiary of an unlisted public company

Focused team of three passionate value investors

Management own c.30% of DMX Capital Partners



Roger Collison

Executive
Chairman

20 years' investment experience as analyst and fund manager including head of research at Tyndall Asset Management



Steven McCarthy

Portfolio Manager:
Australian Micro-Cap

20 years' micro-cap investment experience specialising in valuations, corporate finance & due diligence



Simon Turner

Head of Client
Services

20 years' smaller companies portfolio management experience with leading managers including Bluecrest

Micro-cap fund: DMX Capital Partners

Unique, high-performing fund

79.6% ahead of All Ords (after fees) in the 34 months to Jan 2018 - meeting long term outperformance objective

Under-owned asset class

Rare exposure to undiscovered, under-researched smaller companies outside the investment universe of most investors

Disciplined value strategy

Fundamental, bottom-up stock selection approach (trading below market multiples or discount to asset backing)

Performance driven fees

Manager fees aligned with investors (1% mgmt fee / 15% out-performance fee)

Substantial co-investment

DMX Corp & all key team members are invested in the fund

Why we are unique



Provides investors access to high quality smaller companies that are profitable, growing, undervalued and hidden

Focused on its core strategy and executing with discipline

Repeatable, sustainable and scalable process

Goals are largely based around performance rather than building assets under management

A small team of passionate investors committed to best-in-class performance

Why we like small companies

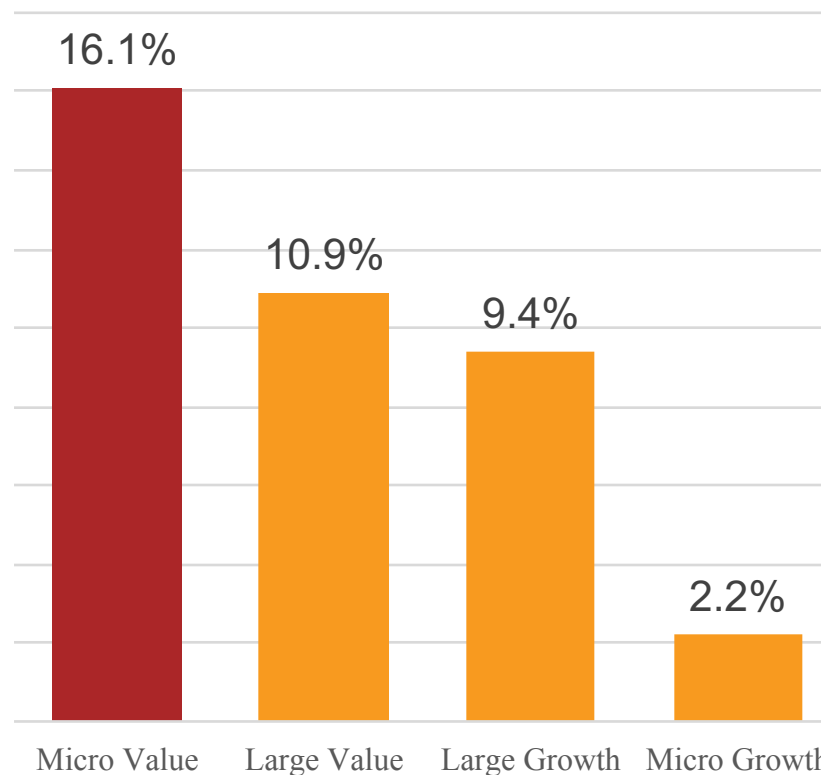
Superior outperformance potential capitalising on inefficiencies from less broker coverage

Easier to understand business models

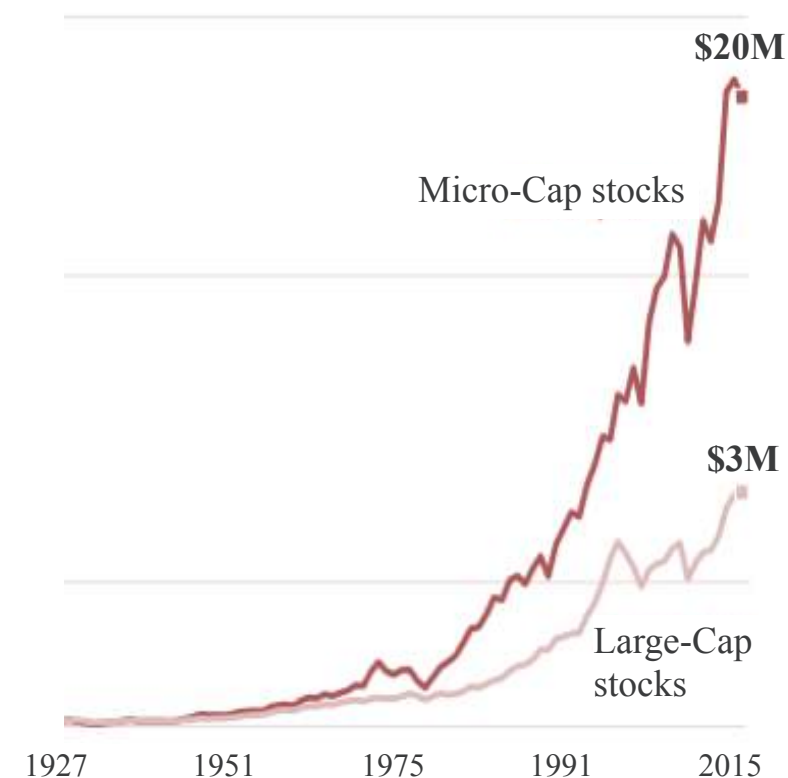
Greater access to management willing to openly communicate

Micro Value beats all other equity variation

(Fama-French Annualised Return 1926-2015)



(Fama-French Growth of \$1,000)



Source: DGHM, 2016

How we identify quality

Track record of profitability & cashflows ✓

-----> No speculative, loss-making companies ✗

Good visibility around future profit growth ✓

Trading on below market multiples ✓

-----> No trading above market multiples ✗

Aligned management / family companies ✓

-----> No unaligned self centred management ✗

Strong balance sheet ✓

-----> No highly leveraged balance sheets ✗

Tailwinds supportive of business growth ✓

Robust businesses with high level of recurring income ✓

-----> No speculative cos (eg biotech/resources) ✗

Capable, trustworthy & shareholder friendly management ✓

Best of the best: less than 5% of the ASX smaller companies universe passes our quality test

Our top positions



Zenitas Healthcare Limited (ZNT)



Joyce Corporation (JYC)



Pioneer Credit Limited (PNC)

Why we like them

- A community healthcare company providing a range of community-based health services - allied care, home care & GP services.
- These services enable an integrated healthcare offering, aimed at reducing the high cost of acute hospital care.
- Community healthcare is expected to benefit from supportive government policy, as community-based health services represent a cost effective solution compared to high cost hospital care

- Enduring investment company with growing national businesses: Bedshed, Lloyds Auctions & KWB Group
- Successful, profitable business model based on partnering with a strong regional businesses, and then growing them nationally
- Strong balance sheet with a high level of cash and property asset backing, with a 7% fully franked dividend yield

- A financial services business specialising in the purchase of debt ledgers
- PNC has also grown from being the minnow of the ASX listed debt collectors (after Credit Corp and Collection House) to being the second largest acquirers of ledgers in FY17
- Developing new financial products that it intends to offer in part to its significant (rehabilitated) customer book as well as other consumers

Market Cap

\$90m

\$39m

\$190m

Forecast FY18 PE

11x

9x

11x

All profitable, well managed companies with solid growth outlooks

A successful investment...

Identified the business as high quality ✓

Identified the business as significantly under-valued ✓

Tailwinds supportive of business growth ✓

Aligned management / family companies ✓

Strong balance sheet ✓

Robust businesses with high level of recurring income ✓

Capable, trustworthy & shareholder friendly management ✓



FIDUCIAN
INTEGRITY • TRUST • SERVICE

DMX
ASSET MANAGEMENT

1 day

5 day

1 month

3 months

1 year

5 years

max



Aligned management, purchased well, strong execution of strategy

And one that went wrong...



Your Smile. Our Vision.

DMX
ASSET MANAGEMENT

Under-estimated the complexity of the business ✗

Under-estimated the company's exposure to currency movements ✗

Under-estimated the rate of deterioration of non-amalgam sales ✗

Over-estimated management despite shareholder unfriendly behavior ✗

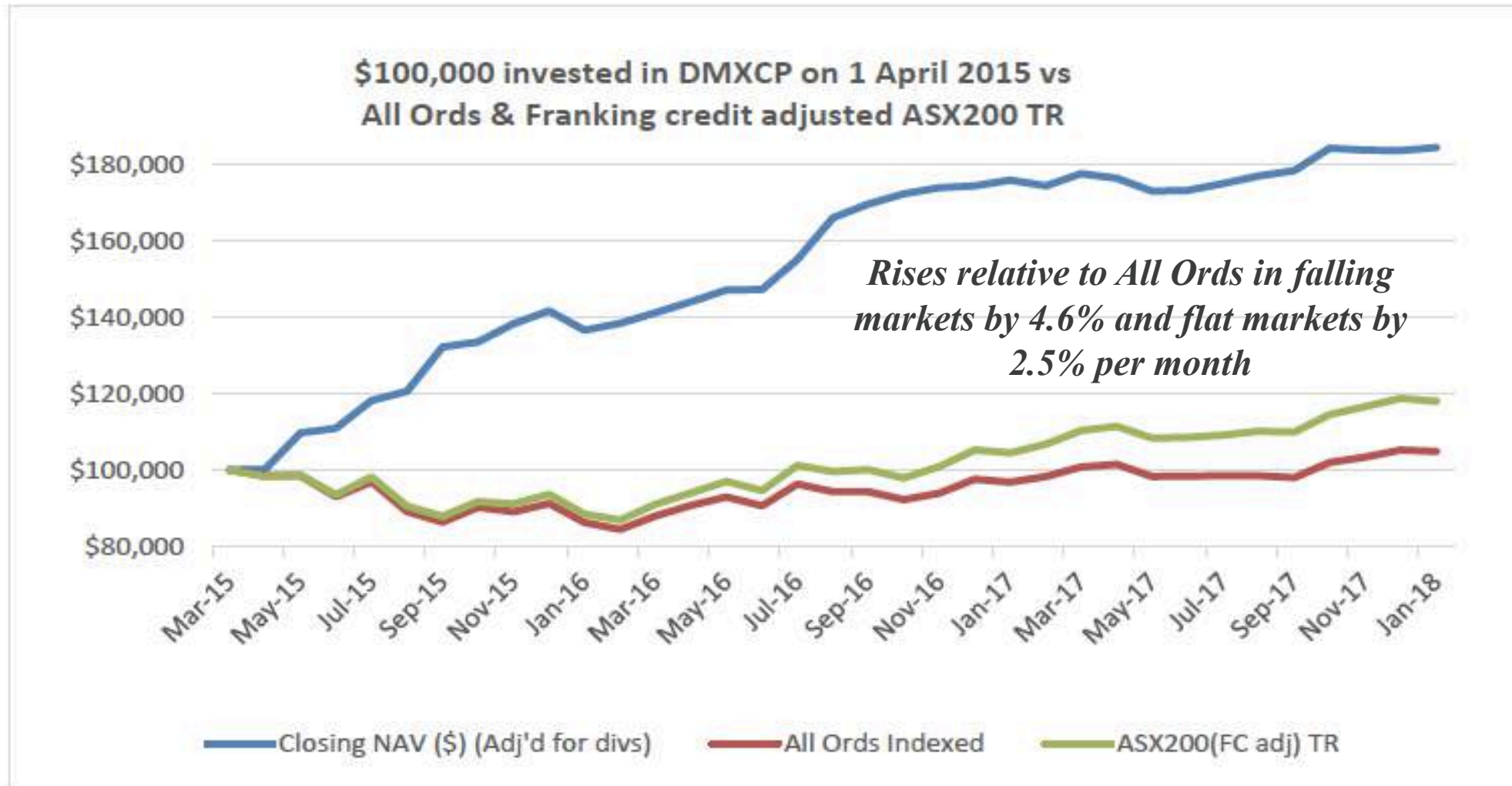
Missed an exit opportunity at the end of 2016 ✗

Lessons learnt as per above ✓



Businesses with many moving parts come with significant earnings volatility

79.6% outperformance after fees: Capitalising on relative and absolute gains



79.6%
outperformance

Outlook

Volatile markets present compelling opportunities

Remain disciplined and focused upon our core strategy: identifying small, profitable, growing, well-managed companies well below intrinsic value

A growing pipeline of potential investment opportunities our from in-house research, brokers and industry contacts

A high conviction portfolio of quality, under-valued investments well placed to significantly out-perform over the long term



Raising \$15
million under
Prospectus

Appendix 1 – DMX Capital Partners investment company structure

Fully franked dividends – tax efficient ✓

No capital gains tax unless sold ✓

Far lower cost structure than for a trust ✓

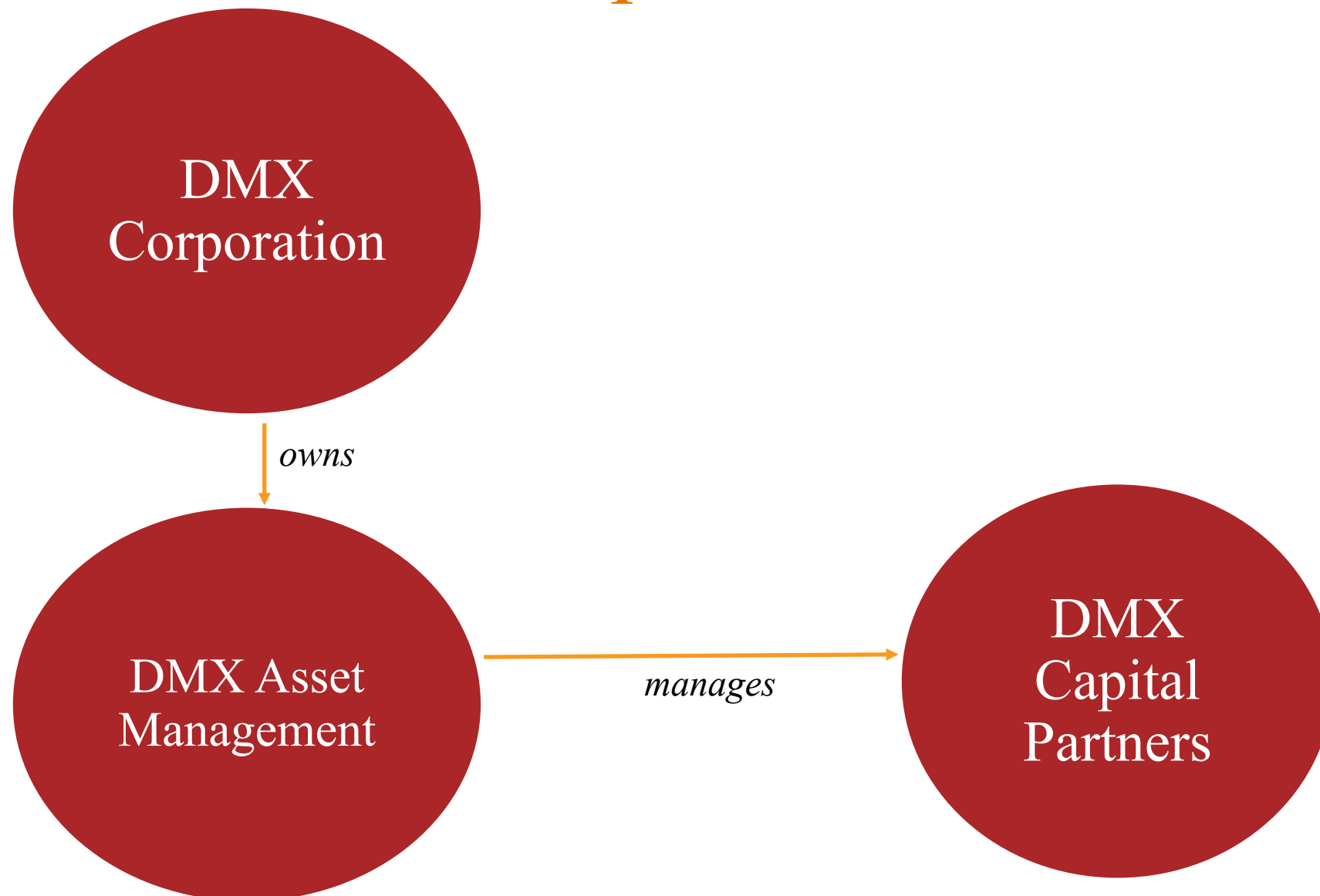
Bound by Corporations Law ✓

Ability to buyback shares ✓

Supported by investors ✓

Cost and tax effective structure

Appendix 2 – DMX corporate structure



Appendix 3 – Investing in DMX Capital Partners



Fees = 1% p.a. management fee + 15% of returns above BBSW performance fee.

Buy-back facility: Funds returned within 2 weeks of following month if manager notified by month end (no shareholders have sold as yet).

Dividends: Fully franked dividends paid out every Oct/Nov with dividend reinvestment plan option.

Minimum investment: \$10,000 with monthly direct debit option for existing shareholders.