



DMX Capital Partners Limited

Investing in the most compelling nano and micro-cap opportunities

Investor Briefing: April 2019

Who is DMX Asset Management?



We specialise in identifying highly prospective nano and micro-cap opportunities on the ASX

A small firm with c.\$10m in AUM, we're well-resourced as a subsidiary of a profitable unlisted investment company, and have a team focused on delivering for clients

Strong alignment with management owning c.20% of DMX Capital Partners, and principals regularly adding to holdings

Focused team of experienced, passionate value investors with complimentary skill-sets and a shared long-term orientation



Roger Collison	Steven McCarthy	Chris Steptoe	Michael Haddad
Chairman	Portfolio Manager	Investment Analyst	Investment Strategist
20 years' investment experience as analyst and fund manager including head of research at Tyndall Asset Management	20 years' micro-cap investment experience specialising in valuations, corporate finance & due diligence	20 years' micro-cap investment experience specialising in global equities with a technology focus	20 years' global equities investment experience, principally at Peters MacGregor Capital Management

Micro-cap fund: DMX Capital Partners

Unique, high-performing fund

Demonstrable outperformance since inception. But this is considered a by-product of a well-considered, well-executed investment philosophy & process

Under-owned asset class

Exposure to undiscovered, under-researched smaller companies outside the investment universe of most investors.
Delivering genuine differentiation and diversification

Disciplined value strategy

Fundamental, bottom-up stock selection approach. Pricing must be attractive relative to expected cashflows over time

Performance driven fees

Manager fees aligned with investors (1% mgmt fee / 15% performance fee). We take a 'cost recovery' view of our low base fees, and are incentivised through performance fees

Substantial co-investment

Management company & key team members are invested in the fund. We share investor outcomes through both the good and bad!

Why we are unique:



As an Australian Nano and Micro-cap Specialist, providing exposure to a genuinely unique portfolio. Growing companies that are under-researched, under-appreciated, and undervalued

Principal focus on sub-\$100m companies, including many portfolio holdings under \$25m market cap. As at March 2019, median market cap is \$47m

Wholly focused on our core strategy – and executing with discipline

Repeatable, sustainable and scalable process. And from investors' perspective, a valuable, differentiated, and difficult to replicate exposure

Objectives include providing genuinely differentiated exposures; best-in-class and transparent communications; and meaningful performance to investors over the long term

Why we like small companies:

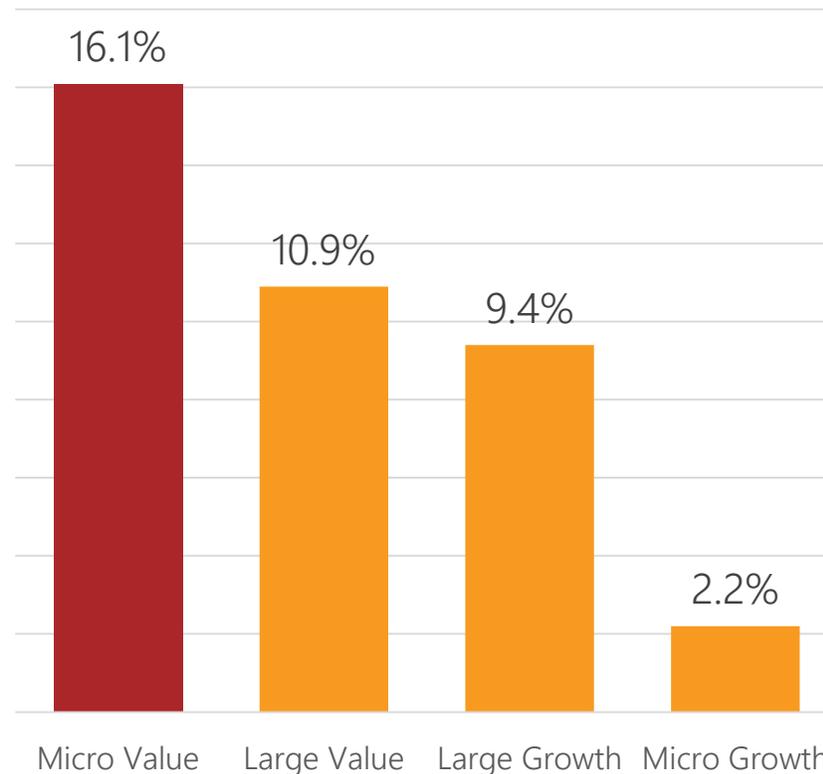
Superior performance potential capitalising on inefficiencies from less broker coverage

Easier to understand business models

Greater access to management willing to openly communicate

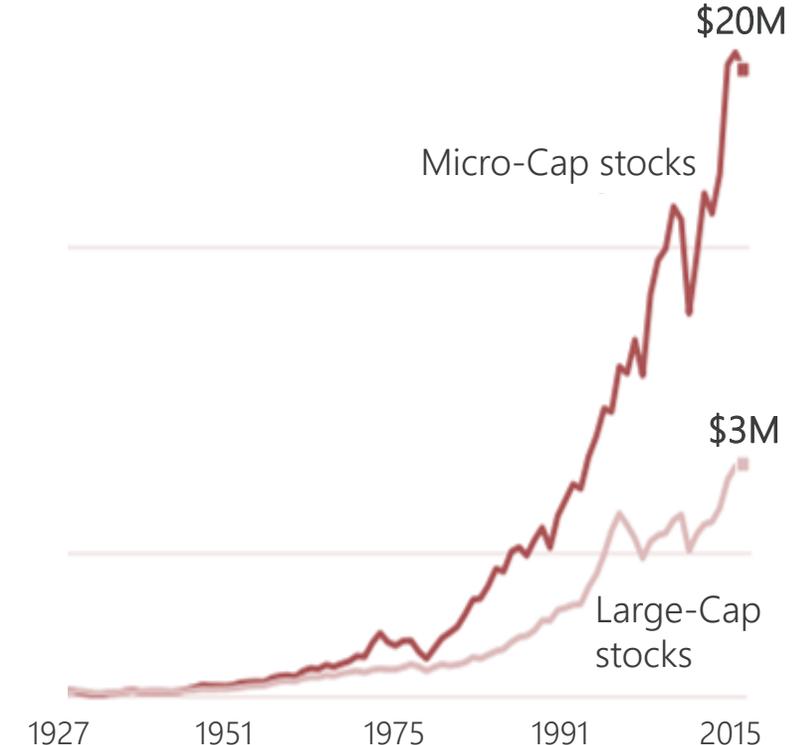
Micro Value beats all other equity variation

(Fama-French Annualised Return 1926-2015)



Source: DGHM, 2016

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



How we identify quality:

Track record of profitability & cashflows ✓

Good visibility around future profit growth ✓

Trading on below market multiples ✓

Aligned management / family companies ✓

Strong balance sheet ✓

Tailwinds supportive of business growth ✓

Robust businesses with high level of recurring income ✓

Capable, trustworthy & shareholder friendly management ✓

-----▶ No speculative, concept type companies ✗

-----▶ No trading above market multiples ✗

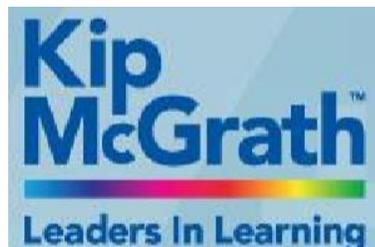
-----▶ No unaligned self centred management ✗

-----▶ No highly leveraged balance sheets ✗

-----▶ No speculative co's (eg biotech/resources) ✗

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

Our top positions include...



Kip McGrath Education Centre (KME)

- Why we like them
- Global tutoring business with ~600 centres in UK, Australia, Asia and Middle East
 - Largest player operating in what is a very fragmented, but growing, market. No organised global competitor
 - KME currently at ~2% market share UK & Aust), and has a 10% market share target.
 - KME benefits from scale, systems and national marketing initiatives
 - Also benefitting from growing online lesson numbers and revenues

Market Cap

\$43m



Joyce Corporation (JYC)

- 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

\$42m



Blackwall Limited (BWF)

- Property fund manager and operator of the Wotso flexible workspace business that operates in Asia and Australia
- Wotso is one of the largest co-working businesses in Australia, is profitable and growing revenues at ~30%
- BWF is Manager of and largest unitholder in the \$275m ASX listed BWR Trust. BWF's unitholding is valued at \$16m

\$50m

All profitable, well managed companies with solid growth outlooks on reasonable multiples

Other 'undiscovered' positions include...

Janison Education (JAN): innovative education technology company with global presence – *participated in RTO*

CV Check (CV1): fast growing HR screening company operating in Aust & NZ – *participated in recent placement*

Traffic Technologies Limited (TTI): supplier of traffic lights, signals and smart traffic technology – *underwrote rights issue*

Easton Investments (EAS): provides accounting and wealth management services to over 3000 accounting firms

People Infrastructure (PPE): largest provider of workforce solutions to disability sector – *participated in IPO*

UCW Limited (UCW): vocational and higher education courses for international students, growing at 20%pa

Tinybeans Group Limited (TNY): fast growing, family photo sharing platform, with increasing global profile

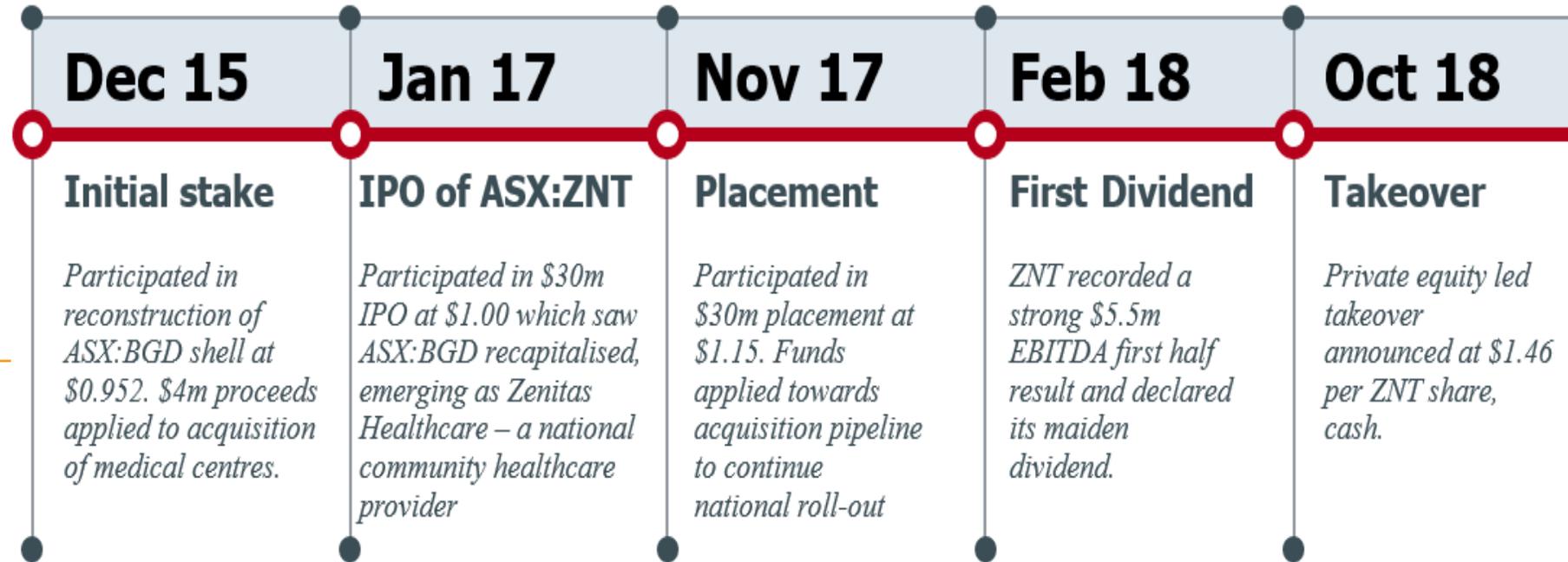
A very unique portfolio of small, growing, under-valued, undiscovered opportunities, with great tail winds...

Case study: ASX:ZNT



DMXCP is committed to supporting, and providing growth capital to well managed, under-the-radar nano and micro-caps

Supported the backdoor listing of Zenitas, and two further rounds of capital raisings that funded the national expansion of Zenitas' allied health clinic footprint



Zenitas was taken over by private equity in October 2018, generating a 31% annualised return for DMXCP

Outlook is positive...

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

A growing pipeline of potential investments, placements and underwriting opportunities from our in-house research, brokers and industry contacts.

A high conviction portfolio of unique, quality, undiscovered and undervalued investments. Well placed to generate meaningful returns to investors over the long term.

Strong performance to date at 18% pa net of fees but pre-tax since inception in 2015. Returns achieved with low market correlation reflecting genuine differentiation and thus blends well with other funds/assets.



Open to
investment
under
Investment
Memorandum.
Near term soft
close expected.