



DMX Capital Partners Limited

Investing in the most compelling nano and micro-cap opportunities

Investor Briefing: October 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

Our Micro/Nano-cap fund: DMXCP

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

Incentive fees

Manager fees aligned with investors (1% mgmt fee / 15% incentive fee). Management fee provides cost recovery, then we're incentivised to the upside

Substantial co-investment

DMXCP Directors (Roger Collison, Dean Morel and Steven McCarthy) & key team members are heavily 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, we provide exposure to a genuinely unique portfolio. Growing companies that are under-researched, under-appreciated, and undervalued

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

Principal focus on sub-\$100m companies, including many portfolio holdings under \$25m market cap. As at October 2019, median market cap is \$40m

Wholly focused on our core strategy – and executing with discipline. And from investors' perspective, a valuable, differentiated, and difficult to replicate exposure

Proud to provide long term support to emerging companies with positive ESG characteristics. Portfolio weighted to education, technology & healthcare. No gambling, oil, weapons

What is our edge?

Taking advantage of under the radar opportunities	Exclusively focussed on nano and micro-cap opportunities	Pragmatic investment approach	Access to Management & Deals
<p>We swim in a different pool to most investors & fund managers</p>	<p>We are absolutely committed to supporting emerging companies</p>	<p>We seek out the best value investments, unrestricted by investment style</p>	<p>Extensive network across brokers, management and industry participants</p>
<p>Opportunities are under-analysed and under-researched</p> <p>More likely to come across interesting opportunities that are inefficiently priced</p> <p>Not afraid of illiquidity</p>	<p>We turn over a lot of stones in the space</p> <p>Not distracted by what is happening in other parts of the market</p> <p>Very strong knowledge of the opportunity set</p>	<p>Our flexible approach sees us invest in the most compelling opportunities</p> <p>Opportunities may range from a high growth SAAS business, to a cashed-up shell to a high dividend yield company</p>	<p>Provides access to deal flow: placements, underwriting, IPO and pre-IPO opportunities that are difficult to access</p> <p>Also provides us with high quality company and industry insights</p>

FY19 Update

A challenging year, but strong finish

Increasingly difficult to find value & quality in \$100m+ m/cap stocks

Disappointments/lessons: cheap stocks cheap for a reason: ATL,PGC,SRG

Re-focussed on sub \$100m m/cap opportunities & in particular sub \$25m

Cashflow is critical: Either at or approaching CF+ve: inflection point

Take advantage of asymmetric returns: smaller m/cap = larger upside

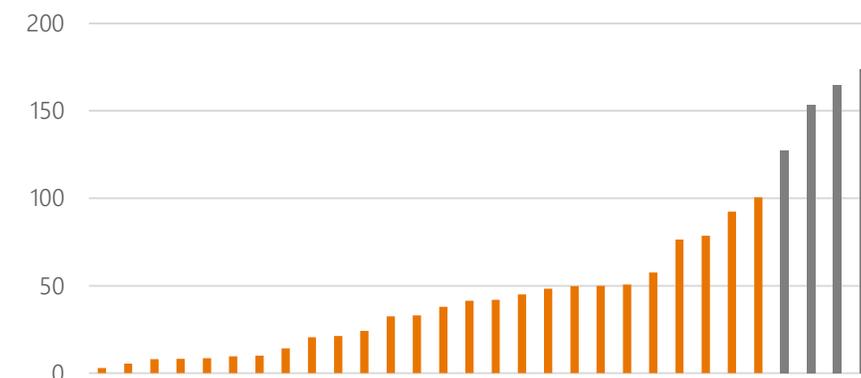
A number of attractive new investments added to portfolio

2019 Calendar year to date +16.3% (9 months to September)

Returns - 12 months to 30 June 2019

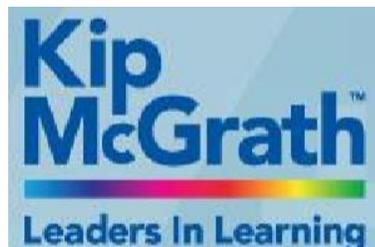
DMXCP - NAV	+3.72%
XSO (Small Co's)	+1.24%
XEC (Emerging Co's)	-4.60%

DMXCP Holdings by market cap (\$m)



Pivoted portfolio towards smaller stocks (<\$100m) with greater potential for asymmetric returns

Our top positions at October 2019



Kip McGrath Education Centre (KME)

Why we like it

- 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

M/Cap – Sept 19

\$44m



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

\$44m



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

\$60m

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

Some of our nano-cap positions....

Chant West (CWL): \$7m m/c - provides investment data and software to the super and financial planning industries

Tambla Limited (TBL): \$8m m/c – profitable HR tech company with high quality customer base

UCW Limited (UCW): \$22m m/c – high quality vocational and higher education courses for international students

Vault Intelligence (VLT): \$35m m/c - fast growing wearables technology company monitoring employee safety

Knosys (KNO): \$10m m/c - Software company with leading knowledge management product with Tier 1 customer base

Aeris Limited (AER): \$7m m/c - provides unique geo-spacial data to a Tier 1 customer base

Stream Group (SGO): \$3m m/c with \$2.6m cash, \$1.1m franking credits and a legacy software business

Australian Family Lawyers (AFL): \$10m m/c – profitable, growing, national network of specialist law firms

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

Outlook is positive...

Remain disciplined and focused upon our core strategy: identifying small, growing, well-managed, under-the-radar companies trading below our assessment of intrinsic value.

A portfolio of unique, quality, undiscovered and undervalued investments, that are difficult to access and difficult to replicate. Well placed to generate meaningful returns to investors over the long term.

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

Solid performance to date at 22% pa net of fees but pre-tax since inception in 2015. Achieved 100% return in 4 ½ years, with low market correlation reflecting genuine differentiation and thus blends well with other funds/assets.

Currently open
to investment
pursuant to an
Investment
Memorandum.

The offer to acquire interests in DMXCP is contained in the Information Memorandum dated January 2019 and is only open to institutional, sophisticated and wholesale investors as defined in section 761G of the Corporations Act 2001 (Cth)