DMX ASSET MANAGEMENT

DMX Capital Partners Limited

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

DMX Capital Partners Limited

December 2017 – Shareholder Update

An investment company managed by:
DMX Asset Management Limited
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Opening NAV (1 December 2017) [1,2]	**$1.7152**	Fund size	~$5m
Closing NAV (31 December 2017) [1,2]	**$1.7142**	% cash held - month end [4]	19%
NAV Return (December)	-0.055%	Gearing	nil

*DMXCP Share price = Closing NAV ($**1.7142**), being: Share portfolio value + cash – fees payable – tax payable + franking credits*

**On 30 September 2017 DMXCP's Share price was 'ex' a 3.7c dividend and 1.4c franking credit (paid on 10 November)*
**References to All Ords are for illustrative purposes only*

Monthly DMXCP Net asset value (share-price) returns (after fees) since inception (April 2015) [3] (%):

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	All Ords
2015	n/a	n/a	n/a	+0.201	+9.448	+1.104	+6.524	+1.971	+9.711	+0.958	+3.568	+2.470	**+41.62**	**-8.83**
2016	-3.590	+1.323	+2.049	+2.045	+2.143	+0.020	+5.389	+7.056	+2.156	+1.058	+1.520	+0.321	**+23.10**	**+7.01**
2017	+0.885	-0.816	+1.790	-0.741	-1.990	+0.210	+1.071	+1.208	+0.822	+3.494	**-0.267**	**-0.055**	**+5.54**	**+7.83**

Dear Shareholder,

DMXCP returned -0.055% after all accrued fees and expenses for December 2017. The ASX All Ordinaries Index increased +1.82% during the month. DMXCP's NAV as at 31 December was **$1.7142**, down from $1.7152 in November.

For the first six months of the 2018 financial year (July – December), DMXCP has returned +6.17% after all accrued fees and fund expenses.

The fund has returned +83.67% after fees (including dividends) in the 33 months since inception (April 2015), compared to the 5.20% increase in the All Ordinaries Index over the same period.

Portfolio Review

Despite a number of positive announcements over the month, and a strong broader market, the portfolio finished slightly down in December (after fees and expenses). Given that many of our portfolio positions are very illiquid and not widely followed, there is often limited correlation with the movement of the broader indices. And generally, towards the end of December the lack of liquidity in many of these positions is further heightened.

Some of the positive announcements from across the portfolio during the month are discussed below. These announcements reinforce our confidence that the respective companies are heading strongly into 2018.

- Blackwall Limited (BWF) operator of leading Australian co-working space WOTSO, announced the continued expansion of its footprint with a new location in Bondi Junction, NSW, bringing the number of WOTSO sites to 13.

- Zenitas Healthcare (ZNT), the community health care business, reaffirmed its guidance and announced two further acquisitions – a sports medicine business and a mobile physiotherapy business that together will contribute an additional ~$2.5m in annualised earnings. The mobile physiotherapy business has an aged care focus and is expected to fit nicely with ZNT's mobile aged care podiatry business.

- Money 3 Limited (MNY), a car financier, reported a milestone funding announcement – securing $150m in funding to replace its existing high interest facilities, as well as providing additional funding for growth. MNY also confirmed their intention to exit unsecured lending.

- Dreamscape Networks Limited (DN8) which owns Australia's #1 domain brand Crazy Domains and Singapore's #1 hosting provider announced a $20m acquisition facility with CBA, as it pursues opportunities to build on its leadership position in South East Asia as an online solutions provider.

- Paragon Care (PGC), healthcare equipment and consumables supplier, announced 3 new small acquisitions and reaffirmed its full year guidance of approximately 10% organic growth (before the impact of acquisitions but including some one-off costs), whilst acknowledging some stronger than normal seasonality in the business. PGC expects the guidance to be upgraded once the acquisitions have been finalised.

- Elanor Investors (ENN) hotel and property fund manager and investment company declared a 6.75c dividend – representing a 35% increase on the dividend declared for the first half of 2017.

These announcements support the long term prospects and the growing intrinsic value of these companies.

For a summary of our key positions heading into 2018, please click on the link below:

http://www.dmxam.com.au/files/DMXCP%202018%20Outlook.pdf

A SELECTION OF DMXCP'S TOP POSITIONS AS AT 31 DECEMBER 2017 (IN NO PARTICULAR ORDER):

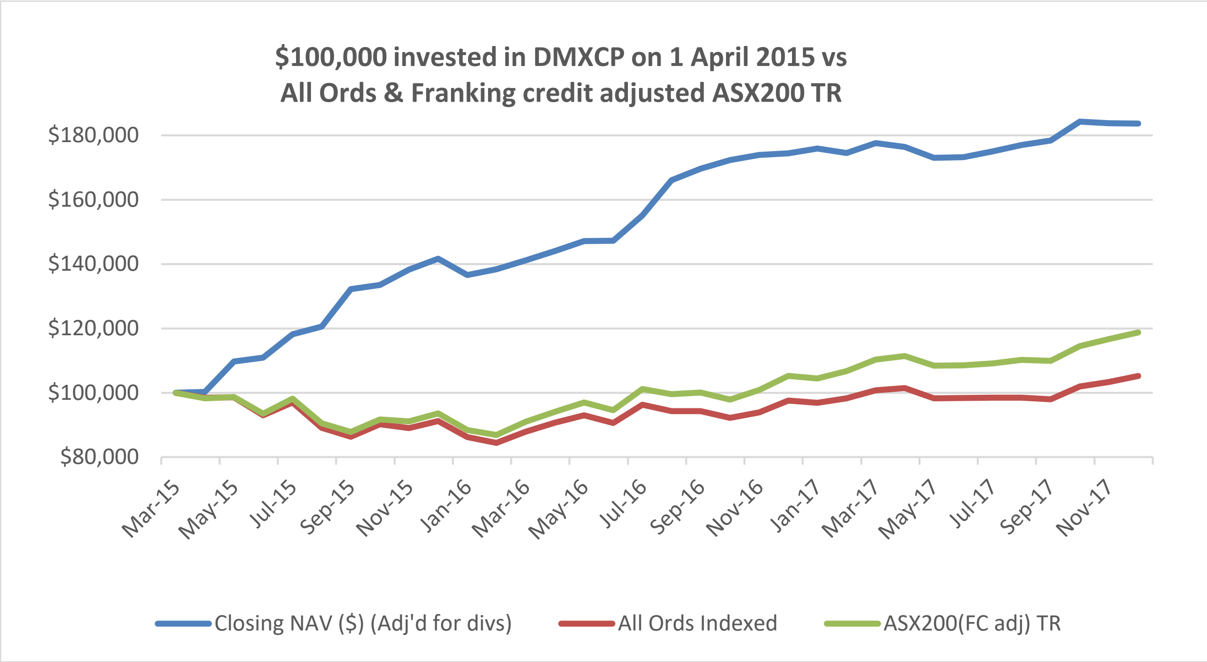
ASX:**ZNT**	ASX**: PNC**	ASX:**JYC**	ASX:**KKT**	ASX:**PGC**
Zenitas	**Pioneer Credit**	**JoyceCorp**	**Konekt**	**Paragon Care**
m/c: $87m	m/c: $180m	m/c: $43m	m/c: $51m	m/c: $133m
FY18 Outlook:	*FY18 Outlook:*	*FY18 Outlook:*	*FY18 Outlook:*	*FY18 Outlook:*
"EBITDA of between $13m to $13.5m"(pre acquisitions (FY17:$7.0m)	"48% increase in earnings expected"	"business units are forecasting solid performance gains"	"70% increase in revenue and EBITDA"	"strong growth in FY18 across all key metrics"

Please feel free to follow us on twitter to keep up to date with our articles and commentary: https://twitter.com/DMXAsset

Fund Monitors have recently started maintaining an analysis of DMX Capital Partners available at:

https://www.fundmonitors.com/fund-factsheet.php?FundID=1265&AccCode=fsoljcoh0

The following chart illustrates the return from investing $100,000 in the fund (including dividends and attached franking credits) since inception (April 2015). DMXCP is an absolute return fund, focused on generating positive (absolute) returns over the medium to long term. The fund is benchmark unaware, however for illustrative purposes, also presented below is 1) the corresponding indexed returns of the ASX All Ordinaries Index and 2) the S&P/ASX 200 Franking Credit Adjusted Annual Total Return (TR) Index (that adjusts for dividends and the tax effect of franking credits).



We wish you all the best for 2018 and look forward to updating you on progress throughout the year.

Kind regards

Roger Collison	Steven McCarthy	Simon Turner
Chairman	*Portfolio Manager*	*Head of Client Services*

Note 1: Net asset value (NAV) is after all tax accruals but includes an estimate of franking credits available. Refer note 5
Note 2: Unaudited result
Note 3: All DMXCP disclosed returns include the payment of dividends and franking credits
Note 4: Includes cash received during the month for the application of new DMXCP shares to be issued
Note 5: Franking credits per share are franking credits arising from dividends received and for tax paid or payable on realised portfolio gains