



DMX Australian Shares Fund

February 2025 – Investor Update

A wholesale unit trust managed by:
DMX Asset Management Limited
AFSL 459 120
13/111 Elizabeth Street, Sydney, NSW 2000
Trustee & Administrator:
Fundhost Limited AFSL 233 045

Unit price (mid) based on NAV (31 January 2025)	\$1.2006
Unit price (mid) based on NAV (28 February 2025)	\$1.1744
Number of Stocks	44
% cash held - month end	1%
Fund size (gross assets)	\$13m

1-month return	-2.2%
3-month return [#]	-3.4%
12-month return [#]	13.4%
3-year return, p.a. [#]	4.5%
Since inception (1 March 2021, p.a.) [#]	8.7%
Since inception (cumulative) [#]	34.4%

[#]Returns assume reinvestment of distributions.

Dear Investor,

DMXASF's NAV declined 2.2% in what was a challenging February with both positive and negative surprises, and against a backdrop of a declining market. The ASX Emerging Companies Index fell similarly, down 2.0%, while the ASX 200 Accumulation Index declined 3.8%.

Commentary

We muddled through a challenging February, with some surprises in both directions and meaningful stock moves, including unfortunately what look to be two write-offs. We were feeling positive about our small position in **BSA options**, acquired – we felt – very cheaply at around 4c. The tiny position we were able to establish grew to 1% of the Fund at 31st January's value of 22.5c, but the surprise key contract renewal failure saw the head shares collapse ~90% and the options deemed effectively worthless. We lost a further ~1.5% in NAV on **Field Services Group** falling into administration this month following its failure to re-finance its balance sheet. It's possible the latter does end up having some residual value, but the likely scenario here we believe is a total write-off, and we've treated it accordingly. Both have been disappointing, but contained, and we move forward. Each are discussed in the DMX Capital Partners update which we encourage you to read alongside this report.

Other surprise decliners include **Laserbond** (down 28%) on a very poor first half result; **Raiz** declining 20% as pumped up expectations weren't met; **Readytech** down 11% as growth underwhelmed the market; and **Verbrec** down 32% on timing issues around a key contract. Relatively new holding, **Austin Engineering**, declined 12% and we've continued to build our position here into price weakness which is understandable considering its weak results, but over-discounting in our view and not fairly reflecting the value of this market leading niche business.

These were mostly offset by positive developments and favourable price movements with other positions. Small positions in **Asset Vision** and **EDU Holdings** helped, with each stock up 50% on the back of positive updates. We added modestly to our EDU position following its update which despite a strong share price reaction, we believe continues to significantly under-value the business. **Fiducian Group** maintained its strong operating momentum, reporting continued growth to revenues and margins. The shares continued their re-rate, rising 17%, and we sold most of our holding into this to generate funds for other opportunities. We continue to rate Fiducian and believe it's an attractive long-term hold, but we're struggling to find capital for the prospective ideas we have and somewhat painfully need to rotate out of more mature investments. Fiducian has been a pleasing contributor to the portfolio since investing in 2023, with the shares generating a total return of around 90%, including dividends, business growth, and valuation multiple re-rate.

Findi had a positive month, with continued good news on the ground in India. Its shares remain volatile and understandably so, having risen so strongly over the past year. For the month, the shares were up 17%, and Findi remains our largest holding at 6% of the Fund. Another key holding, **Pureprofile**, rose 14% as it delivered strong results and is now squarely in profit-generating mode. We see considerable potential for this business as they continue to grow globally, with growth now we believe likely to result in margin expansion. Finally of note, **EML Payments** rose 18% as the company continues to re-focus and turn its fortunes around. The market's renewed enthusiasm for EML was augmented by its fairly new Executive Chairman purchasing \$3m of stock on market post-result. EML is a good example of a company that we've been gradually building a meaningful stake in over the past

year or so. The company has had a very challenging few years, but shedding non-core operations, cutting costs, and re-focusing on organic growth positions it well as management seek to re-build shareholder value. What was a relatively small position six months ago has been added to in the 60c range, the 80's and again on the dip following the December shock departure of its new CEO. With the shares now approaching \$1, EML has become a top holding for the Fund at a 4% weight, and we believe we're well placed to benefit from further positive operating momentum and hopefully share price re-rating.

Again, the DMX Capital Partners report includes useful additional content. In particular, a detailed results summary for its top-10 holdings, all of which are also owned by DMXASF, and most at similarly large weightings. We encourage you to read the DMXCP report alongside this one for important updates on a cross-section of key holdings.

Summary

We're pleased to have what was a tough reporting season now behind us, and despite the challenges, we're on the whole quite enthused about the prospects for our companies as they move through the balance of financial year 2025. That said, March has kicked off on a sour note in terms of global market sentiment, and we're navigating heightened volatility, and searching for opportunities through it all. Fundamentals will ultimately carry the portfolio through, and as always, we seek to opportunistically improve the risk/return profile of our funds through having your hard-won capital exposed to the best of the opportunity set in front of us.

Thanks very much for your trust and support.

Steven, Michael, Chris & Roger

DMX Asset Management

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