



DMX Australian Shares Fund

October 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 (30 September 2025)	\$1.2944
Unit price (mid) based on NAV (31 October 2025)	\$1.2860
Number of Stocks	44
% cash held - month end	2%
Fund size (gross assets)	\$16m

1-month return	-0.7%
3-month return [#]	6.6%
12-month return [#]	16.6%
3-year return, p.a. [#]	12.8%
Since inception (1 March 2021, p.a.) [#]	9.8%
Since inception (cumulative) [#]	54.7%

[#] Returns assume reinvestment of distributions.

Dear Investor,

DMXASF's NAV decreased 0.7% in October, in a fairly flat and mixed market with the ASX 200 Accumulation Index edging up 0.4% but the ASX Emerging Companies Index down 0.5%. For us, as well as the broader market, a period of consolidation following some strong recent performance.

Commentary

Key contributors this month included investment platform, **Raiz**, which rose 25% on the back of continued positive revenue momentum and as it moves to profit generation mode. Both lines have been augmented by a recent price increase that has been comfortably tolerated by its userbase and highlighting the latent pricing power within this business. Healthcare communications and workflow software provider, **Austco Healthcare**, rose 22% as it too continued its strong growth trajectory with a Q1 operating update showcasing both revenue growth and expanding margins. Communications and managed IT service provider, **Comms Group**, rose 16% as the company updated investors highlighting its growth trajectory, relatively low valuation compared to others in the sector, and reiterating expectations for a meaningful earnings uplift as the integration of recently acquired TasmaNet continues on track. Finally of note, consumer data & insights specialist, **Pureprofile**, rose 12% as its global growth continues at a healthy double-digit clip, with margins improving and like Raiz, the company moving squarely into profit generating mode.

Detractors this month include the ASX-listed holding company of an Indian ATM and fintech business, **Findi**, which again disappointed the market with an earnings update tracking well below expectations and declining 44% over the month. Current performance is bringing doubt about the company's ability to execute an anticipated local market IPO in 2026 at its indicated valuation range. This is further challenged with local market comparables having de-rated in recent times. As is highlighted in the DMX Capital Partners report, we had previously materially reduced our holding here at higher levels, and have further trimmed on the back of the latest downgrade, bringing our exposure to under 1% of the portfolio. **Austin Engineering** declined 18% over the month with investors growing concerned the company was cum-downgrade. That downgrade came in early November ahead of its AGM and was larger in magnitude than anticipated, with the shares falling further in November. Austin has clearly been disappointing to date, but the company does have a strong North American business and a number of levers to improve performance from its current low base. Valuation is undemanding, with the shares trading for around book value which is fairly clean, comprised mostly of net working capital (inventory and receivables). Whether current pricing represents 'maximum pessimism' remains to be seen, but in an absolute sense, we find the value here compelling and potential for strong returns over the next 2-3 years significant.

The DMX Capital Partners update includes a detailed update on Raiz, and additional useful commentary on Austco Healthcare, Findi and Pureprofile, all mentioned above. It also includes updates on some of our under-the-radar software companies – **Kinatico** and **Asset Vision** – each of which are commonly owned in the DMXASF portfolio. We encourage you to review the DMXCP report alongside this update.

New position: SDI Limited

SDI is a long-established Melbourne-based manufacturer of dental materials, distributing and selling its products around the world. It's a relatively small company with a market value of around \$120m, and is tightly held with its

founder owning 43% and the register otherwise being tightly held with very low institutional participation. Daily liquidity is low, but we took advantage of a window of opportunity this month to establish a position for the Monash Fund, and re-establish a position for our other fund, DMX Australian Shares Fund. At DMX, we've followed SDI for many years and have previously owned the company.

SDI has an extensive range of dental products including whitening and filling materials. The latter includes Amalgam product which is in structural decline, now representing a relatively small part of the business, but whose decline has masked growth achieved elsewhere. Mainly, the business is focused on innovative and high-value dental solutions, with this increasingly reflected in gross margins which continue to creep up, now reaching 63%. A key characteristic that has appealed to us from a portfolio management perspective is SDI's Australian manufacturing and general cost base, together with its global revenues. For an Australia-constrained equity portfolio, exposure to businesses like this provide valuable counter-cyclical properties. A domestic downturn is typically associated with a lower AUD, which boosts the value of SDI's foreign currency receipts. This is leveraged to the bottom-line considering its largely Australian cost base.

Our opportunity in SDI comes in the wake of a few factors weighing on its shares. SDI's management have been proactive over the past couple of years in engaging with investors, with the market expecting a capital raise. SDI is boldly expanding and consolidating its manufacturing facilities which have been piecemeal stapled together over the year as the business has grown. Capacity has been constrained, and production has not been as efficient as it could be in a single purpose-built facility designed for current capacity together with room for meaningful growth. The company is mid-project, building its substantial new facility which will see its debt load expand. We believe investors may be nervous about this undertaking, with balance sheet and development risks to be contended with. Having been considering a capital raise to help bridge finance this expansion, the Board's decision to not go ahead with this and to instead debt fund the project may be weighing on the shares. From our perspective, we believe SDI's balance sheet previously had been over-capitalised given the nature and consistency of its revenue and earnings. We're quite comfortable with the company utilising a little more debt than they have in recent years. And with the company trading for 10-11 times post-tax earnings, issuing equity would be a very expensive exercise. While we've been engaging with management over the past year or so, and awaiting a potential liquidity opportunity through a cap-raise, we've instead now been able to acquire a position on-market.

At our purchase price of 89-89.5c, SDI was trading for just on 10 times earnings, a level of earnings which have the potential for a step-change in the next couple of years once its manufacturing transition is complete and anticipated efficiencies realised. With significant headroom for growth in its new facility, a robust R&D programme driving new product development, and its global distribution footprint, the potential for growth in the years ahead is considerable. From these levels, and considering its capital-light model, we expect to enjoy a healthy dividend yield, together with what could become a meaningful P/E re-rate on earnings that could be much higher within a few short years.

Summary

Developments continue to be generally quite positive across holdings, but the disappointing results with Findi in particular highlight how fluid any individual investment's situation can be. Findi is a good reminder of the necessity to prudently manage exposures to control risk, and we note it wasn't so long ago that we had allowed this position to grow to more than 10% of the fund before materially scaling this back. It's also a good reminder of the importance of having a diverse portfolio with multiple ways to win and across businesses that are fundamentally different from each other.

Thanks very much for your trust and support.

Steven, Michael, Chris & Roger

DMX Asset Management

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