DMX Australian Shares Fund
March 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 (28 February 2025)	**$1.1744**
Unit price (mid) based on NAV (31 March 2025)	**$1.1253**
Number of Stocks	45
% cash held - month end	0%
Fund size (gross assets)	$12m

1-month return	-4.2%
3-month return#	-4.6%
12-month return#	6.7%
3-year return, p.a.#	2.5%
Since inception (1 March 2021, p.a.) #	6.4%
Since inception (cumulative) #	28.8%

 # Returns assume reinvestment of distributions.

Dear Investor,

DMXASF's NAV declined 4.2% in a quiet month for the portfolio, but continued volatility and increasing uncertainty being priced into equities globally. The market was down across the board, with the ASX 200 Accumulation Index down 3.4% and the ASX Emerging Companies Index down 2.0%.

Commentary

March saw a continuation of a declining market as uncertainty surrounding US tariffs weigh on investors and impact sentiment generally. Detractors for the month include **EDU Holdings**, **Pureprofile** and **Sequoia** which each fell 17%, 14% and 13% respectively for no particular reason other than perhaps reversing some of their recent gains/recoveries. Disappointingly, **Medadvisor** fell 35% heading into a small capital raise to shore up its balance sheet as operating conditions have worsened, the business is being restructured, and it continues its strategic review process. Our largest holding, **Findi**, fell 21% as the market absorbs a significant capital raise used to re-finance a convertible note and provide working capital to continue its remarkable growth trajectory. We participated in a limited way in both raises, keeping Medadvisor at a still relevant 2% weight, and maintaining Findi as our largest position at 5% of the portfolio at the $4 cap-raise price.

Each of Medadvisor and Findi are discussed in greater detail in the DMX Capital Partners. DMXCP has just turned 10 years old, and the report reflects on this milestone and how our process has carried us through an eventful decade in markets and the economy. Timely, we believe, as we seek to remain wholly focused on the fundamentals of our companies, and prospective new holdings, as the economy and investors adapt to changing global terms of trade. We encourage you to read the DMXCP report for this additional content and context.

Positively, the portfolio benefited from corporate activity with **Smartpay** which rose 50% as both fellow ASX-listed payments operator, Tyro, and a US operator have made takeover proposals. **Kinatico** rose 17% as this interesting SaaS business continues to grow, and is gaining broader investor interest. A now-small position in **Frontier Digital** rose 16% as investors await further news on its strategic review.

New stock (sort of): Earlypay

We've had a previous unsuccessful experience with **Earlypay**, investing a few years back before the company ran into trouble and seeing its shares fall. We retained a small position in DMXCP, which has served its investors well as the company's fortunes have slowly turned around, but we'd exited for DMXASF to free up capital to pursue other opportunities at the time. We've continued to closely monitor the business, and maintain dialogue with management. Following an encouraging first half performance, we decided to re-purchase this investment for DMXASF.

Particularly noteworthy in terms of changes over the past couple years:

1) The company has significantly de-risked its balance sheet, reducing exposure to any one credit, and diversifying its client base.
2) Its new CEO successfully taken the reigns. James Beeson had been with the company for a number of years and has demonstrated his effectiveness as its new CEO.

3) Capital management has much-improved, with the company rationally looking to its own stock as an attractive value at these lower levels.
4) Financial metrics across the board have improved, including the balance sheet which now has about 15% of its market value as statutory surplus capital.

Interestingly, it has been reported that Earlypay's largest shareholder, ASX-listed COG has determined this is a non-core asset, and for the right price would be a vendor. EPY has confirmed that it has a retained a corporate advisor that is assisting it with strategic initiatives. However, our thesis doesn't rely on this, and we believe Earlypay is an attractive set-up from a buy and hold perspective from these levels. At our purchase price around 21cps, the company trades for less than 10 times expected FY2025 earnings (including having around 15% surplus capital). Those earnings are growing now, and should support a much higher valuation if and as the company delivers these improving results.

From an acquirer's perspective, there are multiple ways to win here. For a strategic acquirer, Earlypay has a significant operating cost base which would carry meaningful synergy benefits. Its 15% surplus capital is effectively a handy down-payment for the business, and as part of a larger enterprise we expect Earlypay would achieve a lower cost of funding. From our perspective, we're open to a logical potential transaction here, but otherwise, are happy to own and hold this investment as an independent company with an improved balance sheet, strong leadership, a clearer growth story, and priced to deliver strong returns over time.

Summary

The Fund continues to suffer along with the broader market as investors price in greater uncertainty. Over time, our companies will drive results and we're quite comfortable with the day-to-day volatility. We remain wholly focused on executing on our process. Whether that's continually reassessing the prospects for core holdings like Findi, and adding to holdings there via a value-enhancing capital raise; or reintroducing Earlypay to the portfolio. The portfolio is effectively fully invested, with your hard-won company spread across around 40+ diverse and attractively priced smaller companies opportunities. We'll ride the ups and downs of the market in the short-term, and look forward to the long-term benefits of being investors in good, growing businesses.

Thanks very much for your trust and support.

Steven, Michael, Chris & Roger
DMX Asset Management