



DMX Australian Shares Fund

May 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 April 2025)	\$1.1295
Unit price (mid) based on NAV (31 May 2025)	\$1.1877
Number of Stocks	45
% cash held - month end	0%
Fund size (gross assets)	\$13m

1-month return	5.2%
3-month return [#]	1.1%
12-month return [#]	11.9%
3-year return, p.a. [#]	8.2%
Since inception (1 March 2021, p.a.) [#]	7.5%
Since inception (cumulative) [#]	36.0%

[#] Returns assume reinvestment of distributions.

Dear Investor,

DMXASF's NAV increased 5.2% in May as markets continued their recovery off their April lows. The ASX 200 Accumulation Index rose 4.2%, while the ASX Emerging Companies Index rose 3.0%.

Commentary

The portfolio benefited from the continued re-rates to each of **Energy One** (+18%) and **EML Payments** (+16%) with each becoming top holdings for the fund, approaching 6% and 5% weightings respectively. These were leapfrogged though by **EDU Holdings** which rose 93% and growing to a little over 6% weight. EDU had been a smaller position for DMXASF but we added to our position in May in the wake of an ill-fated delisting attempt and following exceptionally good quarterly results. The incremental purchase, together with its subsequent price rise once its delisting plans were aborted, positioned us well in this name.

Detractors included **Verbrec** (-16%) which drifted lower as a substantial shareholder unwound a position (possibly for tax loss reasons). Some of our smaller positions including **SOOCO**, **Knosys**, and **Careteq** also continue drifting lower. **Pureprofile** handed back some of its recent gains, falling 13% for no apparent reason. As we've noted previously, the company is now profitable, has a very significant revenue base, and a strong growth trajectory. Finally of note, **Austin Engineering** fell 13%, continuing its recent decline. We've added to our holding into price weakness, and unfortunately – as we write – the shares are down further on the back of an earnings downgrade. Despite its current operational hiccup, we believe the company is fundamentally sound, has a strong market position in an interesting niche (supplying truck trays and bodies into the mining industry). It's well-capitalised, well-managed, is growing, and is cheap on a single-digit multiple of expected earnings through the cycle.

The DMX Capital Partners report includes a detailed commentary on EDU Holdings which reported very strong quarterly results, but at the same time, plans to delist the company. While supportive of management and the significant progress the business has made in recent times, we – and other substantial shareholders – weren't supportive of their plans to delist. Those plans were ultimately aborted and EDU's shares rose strongly on that development. EDU is currently the largest position for each of the DMX funds and we encourage you to read the full commentary in the DMXCP report. Additionally, the report includes updates on **RPM Automotive** and **Verbrec**, each of which are held in DMXASF, and highlights the mispricing and opportunity that can often be available among these small nanocap (sub-\$20m market cap) companies. As a group, these very small companies are less prominent for DMXASF which has a slightly higher liquidity profile, with greater exposure to a few larger companies within the micro-cap universe. But as we bring together a diverse set of idiosyncratic opportunities, they're nevertheless an important differentiator and contributor to expected returns.

EML Payments Update

EML Payments agreed to a lucrative Long-Term Incentive package with its Executive Chairman who himself has invested ~\$3.5m in late 2024 and early 2025 buying stock on-market. Over the past year we've witnessed a number of improvements with the business as it's shed non-core assets and re-focused on growth. An abrupt CEO departure in December spooked the market, but strong results since, the Chair's significant on-market purchases, an LTI structure that implies internal confidence in the potential with this business, and renewed broker interest in the

company have all led to a re-rate to its shares. We too have increased our conviction over the past year as developments have unfolded, adding progressively to our holding. This month's gain brings EML to a full 5% weight for DMXASF. While we're pleased with developments generally speaking, we weren't happy with aspects of the Chairman's LTI including its quantum, low hurdle, and purely share-price-based structure. We've shared this view with other institutional investors, and provided our feedback to the company. In the overall scheme of things, and the context of our otherwise positive and constructive relationship with management, we're satisfied with simply providing this feedback. But as a general concept, we note that it feels as though compensation – particular in the form of 'performance rights' does feel a little out of hand among some small caps. The level of our engagement and input on these is considered on a case-by-case basis and reflects the degree of our dissatisfaction, and our ability to effect change. Again, notwithstanding the cost of the LTI, the signalling inherent with it, together with other fundamental developments are all positive for the shares and we believe EML Payments is positioned to perform in the years ahead.

Summary

A pleasing month on the whole with positive developments, and deserved advancement to the share prices for a number of holdings. Our process continues to identify compelling opportunities for our portfolios and we find ourselves constantly looking for cash, which is presently 0%. Team-members are adding to their holdings across our funds at present. We continue to expect heightened volatility considering the uncertain economic and global backdrop, but when considering the prospects for the very many compelling opportunities across our portfolios, we're enthused about continuing to average into a basket of these, and for their potential to generate value in the years ahead.

Thanks very much for your trust and support.

Steven, Michael, Chris & Roger

DMX Asset Management

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