DMX Australian Shares Fund
October 2026 – Investor Update

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

Unit price (mid) based on NAV (30 September 2026)	**$1.1504**
Unit price (mid) based on NAV (31 October 2026)	**$1.0906**
Number of Stocks	51
% cash held - month end	2%
Fund size (gross assets)	$15m

1-month return	-5.2%
3-month return[#]	-3.4%
1-year return[#]	-6.5%
3-year return, p.a.[#]	10.3%
5-year return, p.a.[#]	2.9%
Since inception (1 March 2021, p.a.)[#]	6.7%
Since inception (cumulative)[#]	44.7%

[#] Returns assume reinvestment of distributions.

Dear Investor,

DMXASF's NAV decreased 5.2% in October, in a very tough month for ASX smaller companies. The broad market held up well, with the ASX 200 Accumulation Index rising 1.4%. But smaller companies declined sharply, adding to their prior month declines, with the ASX Small Ordinaries down 6.3% and the ASX Emerging Companies Index down 9.3%.

Commentary

While smaller ASX companies were broadly weak, we had a few bright spots in October. **Pureprofile** rose 24% on the back of positive Q1 2027 reporting and the expectation of continued revenue growth and operating leverage to drive its bottom line moving forward. **Austco** rose 14% on the back of two strategic tuck-in acquisitions. The company provided a positive AGM update, with both organic growth and inorganic growth set to continue, and a strong balance sheet position with significant net cash to support its continued business development. Each of **Verbrec** and **Laserbond** performed strongly, too, rising 11% and 13% respectively. Verbrec continues to win contracts, supporting its organic growth ambitions. Others are increasingly noticing this interesting smaller company, with another broker initiating coverage on the company during the month. Laserbond, too, continues to win significant new work, with a second Komatsu licensing agreement providing a positive endorsement of the LBL technology offering.

Detractors include **Janus Electric** which declined as spectacularly this month as it had risen previously. Having more than tripled in the months since we invested via its capital raise, the shares fell 44% in October. We'd reduced our position modestly at higher levels which helped mitigate some of the loss, and the holding remains relatively small as the thesis unfolds step by step. The bigger impact to performance this month though was **EDU Holdings**, which is by some margin our largest position (in the 10-15% range), declined 23%, and is responsible for most of our 5% NAV decline. EDU reported positive enrolment numbers in October (versus expectations) but government policies being implemented introduce additional uncertainty for the business. We highlight that in addition to the shares being well supported by its current cash, and the run-off value of its existing student body, it does have a fast-growing domestic student cohort which, together with its higher education focus, at least somewhat insulates it from policy setting changes around lower-level vocational courses. Importantly, EDU's management and board have demonstrated strong capital allocation capability. They have been aggressive repurchasers of shares when attractively priced, a prudent & balanced dividend policy has been implemented, and appropriate acquisitions are being pursued but pricing discipline is being maintained in assessing the opportunity set against the opportunity with its own stock. Well-considered investment is being made into organic growth. Management have material ownership in the business. We consider a key component of value for any business is capital allocation, and what companies can be expected to do with the cashflow they generate over time. In this respect, EDU have executed very well to date, and, notwithstanding the regulatory headwinds they will continue to have to navigate, we believe are very likely to continue to do so in the years ahead.

Finally in terms of detractors, we note that **Raiz Invest** was again troublesome for the portfolio, albeit on a declining position size. Having declined sharply during the month, Raiz settled off its lows, down 14%, following the emergence of rival operator Superhero as a 10% shareholder. We noted last month the historic tax compliance matters that look set to have a material impact on Raiz's profit. The market can be quite unforgiving of operational

missteps of this nature, and a key risk investors face in these situations is that good assets can easily become the target of strategic acquirers. With Raiz having inflected strongly into profitability alongside its continued revenue growth momentum, if it can contain its historic tax issues without too much damage there remains significant upside potential with this investment either from organic growth & re-rate, or being sold to another industry player.

Reintroducing Fiducian

We've recently reintroduced **Fiducian Group** to the portfolio. Having invested successfully in Fiducian previously, we have been closely monitoring the company in particular as its shares have sold off over the course of late 2025 through 2026. We see three factors coming together to cause Fiducian's de-rate over the past year or so. Firstly, ASIC took civil proceedings against the company in late 2025 in relation to marketing compliance issues with one of its smaller funds. The fund had been previously wound up, investors hadn't lost money, but technical breaches led to an ASIC investigation and action. The company mounted its defense, and worked constructively with the regulator for six months or so before settling the matter. In the six months it took to reach a resolution, Fiducian's shares contracted from their peak of $13 to under $9 – a 30% decline, in part due to sentiment around a regulatory matter that cost the company the equivalent of ~3% of its market cap (or around 40% of a year's earnings) in fines and legal costs. Secondly, the regulatory issues occurred at a time when Fiducian's funds entered a cycle of relative underperformance. Fiducian operates a 'manage the manager' model whereby its financial planning clients invest in Fiducian's funds which are each allocated across a number of external managers on wholesale terms. Fiducian charges retail but pays wholesale, with a core economic driver for the business being the spread it generates between the two. Fiducian has historically generated outperformance from its funds, but with its value bias, has suffered in this top-heavy market where capital has fled the *typical* stock in order to chase cheap index funds. Much like what we're experiencing in the DMX portfolios, we believe when the market turns, performance can swing back meaningfully. For Fiducian, because they have strong direct client relationships via their financial planning arm, the impact from this short-term underperformance isn't as grim as it's been for other pure-play fund managers that don't *control* distribution. But what it does mean is net fund flows have been relatively weak, and we're now seeing that come through in the numbers for Fiducian. Finally, the company notes that cost of living pressures, the desire for clients to more meaningfully assist their children financially, and – we understand – uncertainty around tax changes coming through, have all come together to soften net fund flow numbers.

For us, what we see here is a business that trades around 10 times expected earnings, debt free with cash on the balance sheet which supports a significant dividend distribution while due to its capital light nature being able to grow at a healthy clip for potentially many years to come. Its platform has been built out historically through carefully executed tuck-in acquisitions, but from here, we expect this to feature less for the business and instead that they will be able to drive growth through AI-assisted efficiency of each advisor they already have. The business is well-positioned for when value comes to the fore again, and is of a size that would potentially be of interest to a range of suitors should its charismatic founder and 35% shareholder, Indy Singh, decide to retire at some stage.

Summary

While the portfolio continues to be soft in a continued weak broader market for ASX smaller companies, the embedded upside potential for the portfolio as a whole is as attractive as we've seen. We continue to carefully rotate capital from more mature companies (including via takeover, as we experienced recently with **Kip McGrath**) and into the most prospective of our opportunity set.

Thank you for your interest, trust and support.

Steven, Michael, Chris & Roger
DMX Asset Management

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