

Information Memorandum



DMX Capital Partners Limited

ACN 603 568 494

This Information Memorandum is dated 1 November 2020 and is an offer to apply for New Shares in DMX Capital Partners Limited (**the Company**) at the prevailing Net Asset Value of the Company (**the Offer**).

DMX Capital Partners Limited is a specialist Australian nano, micro and small-cap investment fund managed by DMX Asset Management Limited ACN 169 381 908 / AFS Licence Number 459120

IMPORTANT INFORMATION: This important document should be read in its entirety. If you do not understand it, you should consult your professional advisors.



IMPORTANT INFORMATION

General

Please read this document in its entirety. This Information Memorandum is dated 1 November 2020. It has been prepared by DMX Capital Partners Limited ACN 603 568 494 (DMXCP, or the Company).

The Offer contained in this Information Memorandum (**Offer**) is an invitation to apply for fully paid Shares to be issued in DMXCP (**New Shares**) at an issue price set out in this Information Memorandum.

DMX Asset Management Limited ACN 169 381 908 (AFSL no 459 120) (**DMXAM** or the **Manager**) is inviting applications for and arranging for the issue of New Shares by the Company under this Information Memorandum.

It is important that you read this Information Memorandum carefully and in full before deciding to subscribe for New Shares. In particular, you should consider the risk factors that could affect the financial performance of the Company in light of your personal circumstances (including financial and taxation issues).

Defined terms

Some of the terms used in this Information Memorandum have defined meanings. These are capitalised and are defined in Appendix A of this Information Memorandum. Unless otherwise specified, a reference to a time is a reference to Australian Eastern Standard Time (AEST).

Not financial product advice

The information in this Information Memorandum is not financial product advice and has been prepared without taking into account your financial objectives, financial situation or particular needs (including financial or taxation issues).

It is important that you read this Information Memorandum carefully and in full before deciding whether to invest in the Company. In particular, in considering the prospects of the Company, you should consider the risks that could affect the financial performance of the Company. You should carefully consider these risks in light of your investment objectives, financial situation and particular needs (including financial and taxation issues) and seek professional advice from your accountant, financial adviser, stockbroker, lawyer, tax adviser or other independent professional adviser before deciding whether to invest in the Company. Some of the risks that should be considered by prospective investors are set out in Section 9. There may be additional risks to those set out in Section 9 that should be considered in light of your personal circumstances.

Purpose

This Information Memorandum has been prepared on the basis that the Recipients are sophisticated, professional or wholesale investors. This Information Memorandum is not intended to and does not constitute financial product advice, a prospectus, a short form prospectus, a product disclosure statement, a profile statement or any other disclosure document for the purposes of the *Corporations Act 2001* (Commonwealth of Australia) or any other securities law.

This Information Memorandum has been prepared solely for the purpose of assisting potential investors in considering whether to acquire Shares in the Company.

This Information Memorandum is not intended to provide the sole or principal basis of any investment or credit decision or any other risk evaluation and may not be considered as a recommendation by the Company or any other person in connection with an investment in the Company. Neither this Information Memorandum nor the information contained in it nor any other information supplied forms the basis of any contract or any other legal obligation.

No cooling-off rights

Cooling-off rights do not apply to an investment in Shares issued under this Information Memorandum. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

Disclaimer

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Information Memorandum.

Except as required by law, and only to the extent required, no person named in this Information Memorandum, nor any other person, warrants or guarantees the performance of the Company, the repayment of capital by the Company or the payment of a return on the Shares.

Distribution Restrictions

Neither this Information Memorandum, nor any copy of it, may be taken, transmitted into or otherwise made available in the United States or any jurisdiction where their issuance, distribution or transmission are prohibited under the law of that jurisdiction. Any failure to comply with any such restriction may constitute a violation of relevant local securities laws.

Forward looking statements

This Information Memorandum may contain forward looking statements which have not been based solely on historical facts but on the Company's expectations about future events and results. Forward looking statements may be identified by words such as 'may', 'could', 'believes', 'estimates', 'expects', 'intends' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, at the date of this Information Memorandum, are expected to take place. Such forward looking statements are not guarantees of future performance and involve uncertainties, assumptions and known and unknown risks, including the risks set out in this Information Memorandum and other important factors that could cause actual events or outcomes to differ materially from the events or outcomes expressed or anticipated in these statements, many of which are beyond the control of the Company and the Directors.

The Company, the Directors, and the Manager cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Information Memorandum will actually occur and investors are cautioned not to place undue reliance on these forward looking statements.

Except where required by law, the Company has no intention of updating or revising any forward looking statements, regardless of whether new information, future events or any other factors affect the information contained in this Information Memorandum.

Privacy

By completing and submitting the Application Form to apply for Shares, Applicants will be providing personal information to the Company, DMXAM, agents, contractors and third party service providers (**Collecting Parties**). The *Privacy Act 1988* (Cth) governs the use of a person's personal information and sets out principles governing the ways in which organisations should treat personal information. The personal information that the Collecting Parties collect from investors on the Application Form is used to evaluate Applications and in the case of successful Applications, to provide services and appropriate administration in relation to the Applicant's security holdings in the Company. If the Collecting Parties are obliged to do so by law, Applicants' personal information will be passed on to other parties strictly in accordance with legal requirements. Once personal information is no longer needed for our records, the Collecting Parties will if permitted by law, destroy or de-identify it.

By submitting an Application Form, each Applicant agrees that the Collecting Parties may use the information provided by an Applicant on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company and their related bodies corporate, agents, contractors and third party service providers, including printers, mailing houses and professional advisers and to other regulatory authorities.

If an Applicant becomes a security holder, the Corporations Act and Australian taxation legislation require that the Company include information about the security holder (including name, address and details of the securities held) in its public register. The information contained in the Company's public register must remain there even if that person ceases to be a security holder. Information contained in the Company's registers is also used to facilitate dividend and distribution payments and corporate communications (including the Company's financial results, annual report and other information that the Company may wish to communicate to its security holders) and for the purpose of compliance with legal and regulatory requirements.

If you do not provide the information required on the Application Form, the Collecting Parties (as relevant) may not be able to accept or process your Application. An Applicant has a right to gain access to the information that the Collecting Parties hold about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the relevant Collecting Party's registered office. Such requests to the Company and the Share Registry should be directed to:

Steven McCarthy
Director & Portfolio Manager, DMX Capital Partners Limited
Email: steven.mccarthy@dmxam.com.au
Mobile: 0403 869 632

Questions

If you have any other questions in relation to the Offer, please contact Steven McCarthy on 0403 869 632.

If you have any questions about whether to invest in the Company, you should seek professional advice from your accountant, financial adviser, stockbroker, lawyer, tax adviser or other professional adviser. This is an important document that should be read in its entirety before making any investment decision.

Glossary of terms

Defined terms and abbreviations included in the text of this Information Memorandum are set out in the glossary at Appendix A. References to dollars or \$ are references to the lawful currency of Australia.

GST

All references to dollars are exclusive of GST unless stated otherwise.

Enquiries

If you have any questions regarding this Information Memorandum or require any further assistance or information, please contact:

Steven McCarthy
Director & Portfolio Manager, DMX Capital Partners Limited
Email: steven.mccarthy@dmxam.com.au
Mobile: 0403 869 632

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Company Directors

Mr Roger Collison (Chairman)
Mr Steven McCarthy (Director)
Mr Dean Morel (Independent Director)

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www.addisonslawyers.com.au

Company Secretary

Mr Steven McCarthy

Manager – DMX Asset Management Limited

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Phone: 0403 869 632
www.dmxam.com.au

Auditor

Nexia Sydney Partnership
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www.nexia.com.au



DMX Capital Partners Limited

ACN 603 568 494

Level 13, 111 Elizabeth Street, Sydney, NSW 2000

PO Box 916 Milsons Point, NSW 1565

1 November 2020

Dear Investor

We are pleased to present this Information Memorandum and to provide you with the opportunity to become a shareholder in DMX Capital Partners Limited (**DMXCP**). An investment in DMXCP provides exposure to a unique, high conviction portfolio of nano, micro and small-cap companies listed on the Australian Securities Exchange (**ASX**) which the Manager, DMX Asset Management (**DMXAM**), considers to be undervalued and have substantial upside potential.

DMXCP

DMXCP is a public unlisted investment company formed in early 2015, which invests in undervalued nano, micro and small-cap companies listed on the ASX (with market capitalisations, generally, of less than \$100m, and often under \$10m). DMXCP's objective is to generate strong absolute returns for its Shareholders over the medium and long term. DMXCP has appointed DMX Asset Management as its investment manager, to implement a value-based investment strategy on behalf of DMXCP. The Manager's mandate is to identify, and invest in, a portfolio of growing, well managed, nano, micro and small-cap companies with attractive fundamentals, and which have a current market valuation significantly below their intrinsic valuation.

Investment Strategy

The Manager believes there is a significant opportunity to identify undervalued stocks within the ASX listed smaller companies universe, given these companies are often under-researched and fall outside the investment universe of most investors. In our experience, many small listed companies are undervalued reflecting pricing inefficiencies due to the limited market analysis and broker research at this end of the market. As a result of this mispricing, these companies often represent 'compelling' investment opportunities with attractive risk / reward characteristics. It is these 'compelling' investments that DMXCP is focussed on owning.

The Manager is committed to identifying the most attractive of these mis-priced undervalued investment opportunities through a value-based investment approach utilising extensive due diligence and fundamental analysis. Investments will only be considered in companies that are supported by high-quality earnings (current or prospective) and/or assets, and which the Manager believes have significant upside, and therefore the potential to add meaningful value to DMXCP and its shareholders over time. DMXCP also participates in attractive capital raisings, restructurings and recapitalisations of high-quality, small companies, in which many investors may not have the opportunity to participate in as individuals.

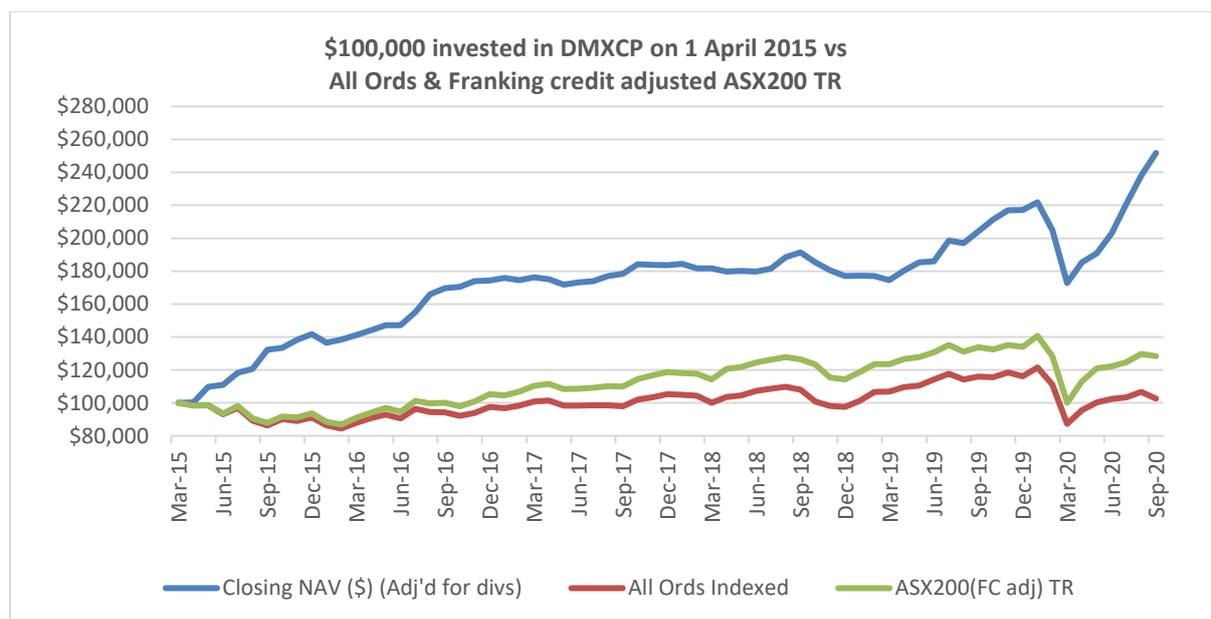
A Difficult to Replicate, and Unique Exposure for Investors

We're passionate about nano, micro and small-cap companies and supporting such companies as they grow. The potential for meaningful returns over time as yet-to-be-discovered gems are gradually identified and re-rated by the market, often against a back-drop of strong underlying revenue/and or earnings growth, is very real. A single investment in DMXCP provides investors with diversified exposure across many such prospective investments. This is a well-considered and carefully constructed portfolio now into its sixth year of existence and drawing on our principals' more than 20 years history in this interesting segment of the Australian equity market.

In addition to providing investors a potential turn-key solution for this important segment of their broader portfolios, we note the importance of the differentiation these unique exposures bring. In a broad Australian equity market that is dominated by the banks and resource companies – stocks that are often fundamentally strongly correlated with each other and other non-equity assets investors may have (such as investment property) – the benefits of adding un-correlated or lowly-correlated assets to the mix should not be overlooked. An investment in DMXCP helps differentiate broader portfolios which can help reduce overall risk while at the same time obtaining interesting exposure to the upside in small, quality, growing, and attractively priced businesses that an investor would otherwise have difficult accessing.

Performance of the Fund

DMXCP commenced investing on 1 April 2015. Although past performance does not necessarily indicate future performance, the fund has performed well so far, returning over 150% in the 5 years and 6 months since inception, as is illustrated in the chart below.



The nature of equity investing is that returns will always fluctuate from year to year, including periods of negative performance. As substantial co-investors in DMXCP we take a long-term view of our investment and remain wholly focused on generating value over long time horizons. As has been the case over any long time horizon, there will be great years in markets and similarly there will be some challenging years. It doesn't really matter what order they come in. Instead, we try to focus on what is within our control: executing on a well-considered, time-tested, value-oriented investment philosophy.

Limited Capacity

As a specialist investment company focused on very small companies, we intend to restrict the ultimate size of DMXCP. As at October 2020, total Assets Under Management (**AUM**) in the Company are approximately \$13m. At this stage, we envisage an ultimate 'hard' capacity of \$25-30m. With limited capacity, we are seeking to raise only an additional \$5m for DMXCP which would bring the fund size to a level where we anticipate soft-closing to new investors. We have a supportive core investor base who continue to add to their holdings in the Company. With very limited capacity, we wish to provide our long-term supporters with the fullest opportunity to soak that capacity up. We do however for now remain open to appropriate, supportive, and qualified new members joining us, and would welcome the opportunity to engage directly with you on the benefits an investment in DMXCP brings to investors' broader portfolios.

Risks of the Offer

While DMXCP's management team and their families have substantial co-investment in the Company, it is important to again note that any investment carries risk and to ensure the appropriateness of DMXCP for your own portfolio has been fully and properly considered by you and your advisers. An overview of many – but not necessarily all – risks is included in **Section 8**, which we urge you to carefully consider.

Please contact us at any time to address any specific questions you may have, or to discuss DMXCP more generally. We value the relationships we have with each individual investor & prospective investor, and welcome and encourage engagement with you any time!

We also invite you to carefully review historic monthly reports and other relevant content we have at our website, www.dmxam.com.au. You can join our email distribution list at any time by visiting www.dmxam.com.au/latest_monthly_update.html. And I welcome your personal contact at any stage at steven.mccarthy@dmxam.com.au or phone 0403 869 632.

We look forward to welcoming you as a shareholder of DMX Capital Partners Limited.

Yours sincerely



Steven McCarthy
Director & Portfolio Manager

KEY INFORMATION

1. INVESTMENT OVERVIEW

Eligible Investors should read the Information Memorandum in full before deciding whether to invest in New Shares

Question	Response	Where to find more information
What is this document?	This is an Information Memorandum outlining an offer for Eligible Investors only to apply for New Shares. This offer is not being made to retail investors.	
What are Eligible Investors?	<p>This Offer is available only to persons to whom, or in circumstances where, the issuing of a product disclosure statement is not required under Part 7.9 of the Corporations Act. Eligible Investors include 'wholesale clients' as defined in section 761G(7) of the Corporations Act, and 'sophisticated investors' as defined in section 761GA of the Corporations Act.</p> <p>If you are investing \$500,000 or more you will automatically be deemed a wholesale investor and thus an Eligible Investor and no further documentation to support the status is required.</p> <p>If you are investing less than \$500,000, you must provide an accountant's certificate certifying that you have at least \$2.5m in net assets, or gross income for each of the last two financial years of at least \$250,000 (including controlled entities). (Any controlled entity of an individual who meets these criteria is also an Eligible Investor.)</p> <p>If you do not meet the above criteria, you may be considered an Eligible Investor if you can demonstrate previous experience in using financial services and investing in financial products that allow you to assess the merits of the product or service; and the value of the product or service; and the risks associated with holding the product; and your own information needs; and the adequacy of the information provided by the product's promoter.</p> <p>More information on certifying your status is included in the Application Form. For further guidance on your eligibility to invest, please contact us and/or speak with your financial or professional advisers.</p> <p>In addition, the company has the discretion to take on up to 20 new shareholders in any rolling 12 month period who are neither 'wholesale' or 'sophisticated'. This category can invest in not more than \$2 million in aggregate per year.</p>	
What is being offered?	Up to \$5m worth of New Shares to existing and New Shareholders. We anticipate soft closing the Fund in the medium term, and intend to reassess our capacity to accept additional New Shareholders in the period ahead, and before we reach our articulated \$5m capital raise limit under this Information Memorandum. Once we have soft closed the Fund, we anticipate New Shares being issued to Existing Shareholders only with an as yet undetermined ultimate cap in the \$25m to \$30m range (to be determined and advised). DMXAM's Board at its sole discretion, will determine appropriate 'soft' and 'hard' closing target levels in time and may at its sole discretion amend or change this status giving rise to the prevailing market environment, opportunity set, and investor interest level.	
What is the Minimum Investment?	The minimum initial investment is \$50,000, and the minimum additional investment for existing investors is \$10,000. Both of these are subject to a waiver at DMXAM's absolute discretion.	

How is the Issue Price calculated?	<p>The price of the New Shares offered will be the Net Asset Value (NAV) per DMXCP Share (Issue Price) as determined from month to month by the Manager, based on the net asset position of DMXCP.</p> <p>For Applications received during any month, New Shares will be issued on the first Business Day of the following month or as soon as possible thereafter, at an Issue Price calculated on the last Business Day of the month during which the Application was received.</p> <p>For example: If on 31 October 2020 the NAV of DMXCP is \$12,000,000 and the number of Shares on issue are 6,000,000, then the NAV per DMXCP Share is \$2.00, and the price per New Share to be issued on 1 November 2020 (for Applications received and accepted during October 2020) will be \$2.00.</p> <p>The NAV per Share at the end of each month will be published on the Manager’s website: www.dmxam.com.au.</p> <p>The Issue Price will fluctuate from month to month (and perhaps significantly so) in line with movements in the value of the underlying investment portfolio.</p>	Section 2
What does DMXCP do?	DMXCP is an unlisted investment company that owns a high-conviction, difficult to replicate, portfolio of high-quality, undervalued, not widely known, nano, micro and small-cap companies listed on the ASX.	Section 2.1
What is the objective of DMXCP?	The objective of DMXCP is to generate strong absolute returns for its Shareholders over the medium and long term.	Section 2.1
How does DMXCP intend to achieve this objective?	<p>To achieve this objective, DMXCP is focused on investing long term capital in a high conviction portfolio of approximately 30-40 high-quality small companies listed on the ASX (Portfolio Companies). These have a current market valuation below their intrinsic valuation, as assessed by the Manager.</p> <p>The Manager is committed to identifying the most attractive investment opportunities. The Manager undertakes an investment process utilising extensive due diligence and fundamental analysis and strict value-based, investment criteria. Investments will only be considered in companies that are supported by high-quality earnings (current or prospective) and/or assets, and which the Manager believes have the potential to add meaningful value to DMXCP and its shareholders over time. DMXCP also intends to participate in capital raisings, restructurings and recapitalisations of high-quality small companies, in which many investors may not have the opportunity to participate.</p> <p>In relation to its Portfolio Company investments, DMXCP is not focused on any particular industry or industries (meaning it is ‘industry agnostic’). It will generally invest only in Portfolio Companies listed on the ASX. It has a preference for Portfolio Companies which have an established business, and will tend to invest in Portfolio Companies which have low leverage or positive cash holdings.</p> <p>DMXAM considers low leverage to be determined by the level of gearing in the company relative to other companies in the company’s sector (on the basis that low relative leverage is desirable), the size of the company (smaller companies would be expected to have lower gearing levels), and the absolute gearing level of the portfolio as a whole (for instance a single highly geared stock may be acceptable if the majority of other stocks in the portfolio have low gearing levels).</p> <p>Generally, each Portfolio Company is expected to have a market capitalisation of not more than \$100m at the time of investment. No single Portfolio Company investment is expected to comprise more than 10% of DMXCP’s gross assets, at cost.</p> <p>If suitable opportunities are unable to be identified, DMXCP will remain invested in cash, cash equivalents or marketable debt securities.</p>	Section 2.1

What are the key investment highlights?	<p>DMXCP owns a unique, high conviction, difficult to replicate, portfolio of ASX-listed small companies with market capitalisations generally less than \$100m. The current five largest Portfolio Company investments as at 31 October 2020 are set out in Section 2.3.</p> <p>DMXCP provides exposure to small companies listed on the ASX that it believes are under-researched, are not widely known, that fall outside the investment universe of many investors, and are therefore likely to be mispriced. This is particularly the case with some of the smallest companies on the ASX, where the mispricing is often the greatest. As a result of the mispricing, these companies often represent ‘compelling’ investment opportunities with attractive risk / reward characteristics. It is these ‘compelling’ investments that DMXCP is focussed on owning.</p> <p>DMXCP has also built strong relationships with management teams and small-cap brokers. This enables DMXCP to participate in capital raisings, restructurings and recapitalisations of high-quality small companies, in which many investors may not otherwise have the opportunity to access.</p> <p>The investment manager of the Company, DMXAM, has a highly credentialed investment management team. The DMXAM team has a combination of funds management and investment analysis experience, operational skills and expertise, and corporate finance experience.</p> <p>Strong co-investment between DMXAM itself and key executives is a key feature of DMXCP. DMXAM and its parent company, DMX, are each investors in DMXCP; and all DMXCP directors have meaningful stakes in the Company. As at September 2020, DMXAM & DMX in aggregate have an investment of approximately \$200,000; Executive Directors Roger Collison and Steven McCarthy have approximately \$600,000 and \$1,000,000 (respectively) invested; and Independent Director Dean Morel has approximately \$400,000 invested.</p>	Section 2
Who is the investment manager of DMXCP, and what are the terms of the Investment Management Agreement?	<p>Pursuant to an Investment Management Agreement dated 1 April 2015 (Investment Management Agreement), DMXAM has been appointed by the Company to undertake a value-based investment strategy on behalf of the Company. The Investment Management Agreement may be terminated on 6 months’ notice by DMXCP, and DMXAM may resign as Manager at any time.</p> <p>DMXAM undertakes intensive, fundamental, value-based, bottom-up stock selection, and determines intrinsic value-based on estimates of a company’s future earnings or estimates of the realisable value of a company’s net assets.</p>	Section 2.6
Investment Manager’s investment team	<p>The Company will have its investments managed by DMXAM. DMXAM personnel responsible for managing the DMXCP investments are:</p> <p>Steven McCarthy is the Portfolio Manager of DMXCP. He is a qualified accountant with more than 20 years of experience in corporate finance, business valuation and advisory and fund management roles, with extensive analytical, valuation, financial and commercial due diligence and corporate advisory skills. Steven is a member of our Investment Committee. Steven has previously worked for PPB Advisory and BDO Corporate Finance in senior roles. Steven is a director of DMXCP and DMXAM.</p> <p>Chris Steptoe is an Investment Analyst with DMXAM and a member of our Investment Committee. Chris has over 20 years of experience researching and investing in ASX and NZX small cap equities and joined DMXAM in 2017. Chris has worked closely with Steven in the management of the DMXCP portfolio and the duo have developed an intimate working knowledge across scores of prospective smaller companies within our investable universe.</p> <p>Roger Collison is an experienced Investment Analyst and Fund Manager, having previously been a Director at Credit Suisse, and Head of Research at Tyndall Asset Management. Roger chairs our Investment Committee. As Chair of our Investment Committee, Roger brings much-valued</p>	

	<p>institutional-grade structure, insight, and experience to bear in both the oversight of our investment management function, as well as the governance of our business. In addition to lending his experience and perspective to the DMXAM team, Roger continues to be active with a number of other external governance roles, as well as actively managing a private investment fund with a focus on value-opportunities on the ASX. Roger is Chairman of DMXCP, as well as DMXAM and DMX Corporation.</p> <p>Michael Haddad is an Investment Strategist, working with the DMXAM investment committee on a consultative basis. Michael's principal area of focus is Risk Management, and he provides insights and contributes to the analytical process generally on an ad hoc basis. Michael has over 20 years of funds management experience, and was previously a Principal at global equity manager, Peters MacGregor Capital Management. Michael is a director of DMXAM and DMX Corporation.</p>	
What are the key risks?	<p>Shares in DMXCP are not quoted on the ASX or any other recognised exchange, and are therefore illiquid. However, in practice, the Company provides liquidity through a Share buy-back facility. The Company has obtained relief from ASIC to establish a selective buy-back facility. Under this facility, the Company may repurchase up to 20% of its shares in any rolling 12 month period. This is a rolling relief that is reapplied for annually. The Directors intend to continue to seek shareholder consent to apply for relief in order to buy back shares, but no assurance can be made that ASIC will approve any extension of relief. Shareholder approval (special resolution) is required to enable the buy-back facility to continue. Further information in relation to the buy-back facility is set out in section 8(f).</p> <p>The successful operation and investment performance of DMXCP is dependent, to a significant extent, upon the performance and expertise of a small number of key staff of the Manager, DMXAM. Should those key staff leave, the investment performance of DMXCP may be significantly adversely affected.</p> <p>The NAV of DMXCP may rise or fall because of its investment performance. The future earnings of DMXCP or the capital appreciation of its investments cannot be guaranteed.</p> <p>The performance of the Company may differ materially from the past. There is no guarantee that DMXCP will make any profit in the future. DMXCP may make losses in the future.</p> <p>Risks applicable to DMXCP are more fully set out in Section 8.</p>	<p>Section 8</p> <p>Section 8(f)</p>
What are the risks of entrenchment of the manager?	<p>DMXAM may resign at any time.</p> <p>The Company is entitled to terminate the Investment Management Agreement on 6 months' notice for any reason.</p> <p>In assessing the risk that the Manager may be entrenched, it is relevant that the Executive Directors, Roger Collison and Steven McCarthy, are also directors of DMXAM. Additionally, Steven is a substantial shareholder of DMX Corporation, the parent company of the Manager.</p> <p>To manage the potential for conflicts of interest in respect of the Company's relationship with the Manager under the Investment Management Agreement, the Board has, pursuant to section 198D of the Corporations Act, delegated its powers in relation to the Company's relationship with external asset managers, including the Manager and the Investment Management Agreement, to the Independent Director, Dean Morel. The Independent Director will have available to him professional, legal and financial advice as appropriate in the exercise of those delegated powers. At a later time, if appropriate, directors who do not have a conflict are entitled under the Corporations Act to allow conflicted directors to participate and vote at meetings.</p>	Section 3.5

What fees are paid to the Manager?	<p>In accordance with the Investment Management Agreement, the Manager receives a management fee being 1% per annum of the gross asset value of DMXCP (calculated monthly), for managing the DMXCP portfolio.</p> <p>An incentive fee is payable by DMXCP to DMXAM equal to 15% of any increase in the gross asset value (GAV) per Share of DMXCP in excess of the cumulative 30 day Bank Bill Swap Rate (BBSW) return for the period. The GAV is the value of each Share before any fee deductions or accruals and tax and other provisions, except that it shall be calculated after providing for the 1% management fee. It includes any franking credits received or generated. The incentive fee is calculated annually on 30 June of each year, and accrues on a monthly basis. As Shares are issued at various times throughout the period, the incentive fee is calculated with reference to the weighted average number of Shares on issue for the period, as calculated at 30 June. The incentive fee is also payable (pro-rata) on any Shares redeemed at the end of the relevant month. Further details in relation to the incentive fee, together with a worked example, are set out at sections 9 and 2.7.</p>	<p>Section 2.5 Section 2.6 Section 9 Section 2.7</p>
What transaction costs are paid?	<p>DMXCP incurs certain transaction costs, including brokerage and transaction taxes, when it purchases or sells assets. New investments into DMXCP or withdrawals from DMXCP will typically cause DMXCP to incur transaction costs. So that existing investors do not bear the transaction costs that arise from these investments and withdrawals from DMXCP, the entry and exit Share prices may include an allowance to cover these costs (sometimes called the buy spread and the sell spread). These represent an additional cost to you of investing in DMXCP but it is not a fee paid to DMXCP.</p> <p>The current buy spread is 0.25% of the Net Asset Value (NAV) per Share price, represented by the difference between the entry price and the NAV per Share. The current sell spread is 0.25% of the amount that you withdraw, represented as the difference between the exit price and the NAV per Share. For example, if you invested \$50,000 in DMXCP the cost of your buy spread would be \$125, or if you withdrew \$50,000 from your investment the cost of the sell spread would be \$125. We may waive or vary the buy and sell spreads from time to time and prior notice will not ordinarily be provided. Updated information on the buy and sell spreads will be posted on the Manager's website at www.dmxam.com.au</p>	
What other costs are paid?	<p>DMXCP is responsible for its own accounting, audit, legal, independent director fees, and other general administration expenses. These are voluntarily capped by the Manager, DMXAM, at 0.5% of DMXCP's gross asset value. DMXAM recognises the importance of capping and – if necessary – subsidising these expenses during these establishment years for this investment company. At anticipated capacity in the \$20-30m range, we estimate these expenses will aggregate less than 0.5% pa. Until then, we view it as important to cap these expenses such that they do not unduly burden early investors.</p>	
The Board, DMXCP and DMXAM	<p>DMXCP has a three person board of directors, comprising:</p> <ul style="list-style-type: none"> • Roger Collison, Chairman; • Steven McCarthy, Director; and • Dean Morel, Independent Director. <p>Roger Collison and Steven McCarthy are also directors of DMXAM, while Dean Morel is an independent Director of DMXCP. John Welsh is a non-executive director of DMXAM.</p> <p>The profiles of each of the directors are set out in Section 9.</p> <p>In addition to the directors, Chris Steptoe is an Investment Analyst employed by DMXAM; and Michael Haddad is an Investment Strategist working with DMXAM on a consultative basis. Michael is a director of DMXAM.</p>	<p>Section 8 Section 9 Error! Reference source not found.</p>

2. THE COMPANY

2.1 Background information about DMXCP and its plans

DMXCP was incorporated on 6 January 2015. It is a public unlisted investment company with an objective of generating strong absolute returns for its investors over the medium and long term.

To achieve this objective, it invests long-term capital into investments which the Directors consider have the following characteristics:

- high-quality companies, being companies with quality revenues and earnings (i.e. diversified customer base, strong moat, sensible growth strategy and capable management) or quality assets (i.e. marketable, easy to value assets with low realisation costs);
- undervalued companies, being companies with attractive valuation characteristics which have a market valuation significantly below DMXAM's internal intrinsic valuation; and
- nano, micro and small-capitalisation companies (market capitalisations of between \$1 million and \$500 million, but generally less than \$100m) listed on the ASX.

2.2 Management of DMXCP

DMXCP has appointed asset management company DMXAM to manage its investment portfolio in accordance with section 911A(2)(b) of the Corporations Act. DMXAM is owned by the unlisted investment company DMX Corporation Pty Limited (**DMX**).

The principal focus of the Manager and DMXCP is the investment into high quality small companies which have capable, appropriately aligned management and directors, a sound business strategy, and a demonstrable track record of success in executing their strategy. From time to time positions may be taken in underperforming companies and where necessary and appropriate, the Manager may draw on its personnel's considerable operational and governance experience and expertise to help unlock potential value. The Manager believes a focus on passive investment into high-quality businesses that are attractively priced is a superior strategy for long-term wealth generation.

The investment approach of DMXAM is based around the fact that some businesses are inherently better than others. The approach of DMXAM is to seek out these superior businesses, wait for them to be attractively priced and then, on behalf of the Company, invest in them. The Manager believes that a significant opportunity exists to identify such attractive undervalued potential investments amongst small sized companies listed on the ASX. In the experience of the executives of the Manager, smaller companies are less likely to attract broker research and broad investor interest, compared to larger companies and are therefore more likely to be mispriced

In the opinion of the Directors, the responsibilities of the Manager, the members of its Investment Management Committee and the Portfolio Manager are as follows:

The primary responsibility of the members of the Investment Management Committee is portfolio construction and design. This involves consideration of the portfolio as a whole and any co-dependencies, macro risk factors, the level of diversification achieved, liquidity of the portfolio as a whole to meet share buy-back requests and other costs funds outflows, and the stock by stock percentage holdings. A secondary responsibility is in reviewing the research papers and ideas produced by the Portfolio Manager (Steven McCarthy), and Analyst (Chris Steptoe).

The primary responsibility of the Manager's Portfolio Manager is to identify potential Portfolio Company investment opportunities. The Portfolio Manager assesses whether potential Portfolio Company investments offer attractive value characteristics, by investigating factors such as earnings history, earnings momentum and earnings forecasts, revenue and cost drivers, balance sheet items and net asset valuations.

Once a stock is identified as attractive, it is presented by the Portfolio Manager and/or Analyst to the Investment Management Committee in the form of a research paper, with an accompanying financial model, to determine what additional work may be required for the Manager to make an investment on behalf of the Company. Additional work may include 'corporate engagement' with the target company.

The Investment Management Committee and the Portfolio Manager together review the performance and current valuation metrics of each Portfolio Company investment on a regular (at least weekly) basis. The Investment Management Committee, in consultation with the Portfolio Manager, may decide to make changes to existing Portfolio Company investments (i.e. to add to, or to sell, the shareholding) following this review.

2.3 DMXCP Investment Portfolio

The Manager, on behalf of DMXCP, has constructed a high conviction, difficult to replicate portfolio of what it views as the most compelling investment opportunities among the smallest companies listed on the ASX (typically with market capitalisations of less than \$100 million).

Since inception, the Manager has been focused on identifying mispriced (undervalued) small ASX companies. Mispricing occurs in these small companies as they are outside of the investment universe of most investors, and therefore not widely known, and are often illiquid and mis-understood. The Manager believes that this mispricing creates opportunities for DMXCP, and these mispriced small companies can have attractive risk / return characteristics together with significant potential upside.

As at 30 September 2020 there were 37 companies in the DMXCP portfolio, with a median market capitalisation of approximately \$30 million. Portfolio investments have market capitalisations ranging from \$1m to \$200m. Investments are undertaken across a range of positions; from asset plays and shell opportunities, to various low price earnings value exposures and high growth technology opportunities. The companies have been included in the DMXCP portfolio on the basis that they are under-valued (mispriced) and have a compelling risk /return profile.

The five largest (by portfolio weighting) investments as at 30 September 2020 are tabled below. The Manager believes that these are good examples of the types of investments that DMXAM is seeking to identify and invest in on behalf of DMXCP.

Company	Description	Market Cap at 30 September 2020
AVA Risk Group (AVA)	AVA provides global risk management services and technologies, including intrusion detection technology for perimeters, pipelines and IT / data networks and secure international logistics services.	\$85m
PTB Group (PTB)	A specialised aviation business involved in the repair and overhaul of turbine engines as well as trading in spare parts for engines and components and providing airlines long-term engine management contracts. It trades on a PE of less than 10x.	\$71m
XRF Scientific (XRF)	A manufacturer of consumables and equipment for mining and industry, for X-Ray Fluorescence (XRF) analysis with a market leading product and a high quality global customer base.	\$38m
Urbanise Limited (UBN)	A leading provider of industry-specific cloud-based SaaS platforms to strata & facilities managers across the globe. UBN offers two market leading products that generate high margin recurring revenue.	\$68m
Easton Investments (EAS)	Provides training and other services to accountants and advisers. EAS has the largest combined accounting and wealth distribution channel in Australia – over 3,600 Accounting firms and 592 advisers. It trades on a PE of less than 10x.	\$28m

2.4 Performance

Although historical performance should not act as a guide to future performance, the fund has performing strongly since inception, returning 151.74% over 5 years and 6 months (including franking credits and after all fees and expenses). The performance of DMXCP (including franking credits and after all fees and expenses) since April 2015, is set out below.

Monthly DMXCP Net asset value (share-price) returns (after fees) since inception (April 2015) (%):

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2015	n/a	n/a	n/a	+0.201	+9.448	+1.104	+6.524	+1.971	+9.711	+0.958	+3.568	+2.470	+41.62
2016	-3.590	+1.323	+2.049	+2.045	+2.143	+0.020	+5.389	+7.056	+2.156	+1.058	+1.520	+0.321	+23.10
2017	+0.885	-0.816	+1.790	-0.741	-1.990	+0.210	+1.071	+1.208	+0.822	+3.494	-0.267	-0.055	+5.54
2018	+0.445	-1.625	+0.008	-1.173	+0.310	-0.211	+1.017	+4.112	+1.604	-3.438	-2.827	-2.257	-3.66
2019	+0.122	-0.010	-1.624	+3.754	+3.014	+0.418	+7.482	-0.889	+3.279	+4.567	+2.997	+0.140	+25.10
2020	+2.33	-8.42	-17.91	+8.521	+4.525	+6.213	+10.09	+8.669	+6.518	+11.10			+29.66

Notes: All calculations are prepared by the Manager and are unaudited

Annual reports for each year to 30 June (2015 to 2020) have been produced, including Financial Information prepared and presented in accordance with the recognition and measurement principles of the Australian Accounting Standards and other mandatory professional reporting requirements in Australia.

Each annual report has been audited by Nexia Sydney.

We encourage any prospective investor to review these annual reports, together with our comprehensive monthly performance reports, all of which are available at our website www.dmxam.com.au/monthly_annual_fund_reports.html, or in hard copy form by request.

2.5 Dividends

The Company intends to pay an annual dividend based on the value of its franking account. The effect of this will be for the Company to pass through the franking credits to shareholders as they accrue to the Company. The Company will generate franking credits as a result of dividends received and as a consequence of the tax payable on any capital gains made by the Company's investing activities. DMXCP's dividend history is set out below:

- October 2016 – 5c dividend, 100% franked
- November 2017 – 3.7c dividend 100% franked
- November 2018 – 3.8c dividend, 100% franked.
- November 2019 – 4.8c dividend, 100% franked.
- November 2020 – 12.0c dividend, 100% franked.

2.6 Key information in relation to the Manager, DMXAM, and potential transactions between DMXAM, DMXCP and Shareholders in DMXCP

Exclusive Engagement	DMXAM has been engaged by DMXCP to provide exclusive investment and portfolio management services to DMXCP, pursuant to the Investment Management Agreement.
Term	There is no specific term for the agreement. The Manager can be removed (with six months' notice) by the Board of DMXCP. DMXAM may resign at any time. The Board has delegated its powers in respect of exercising its rights under the Investment Management Agreement, including any rights of termination, to the Independent Director. (Refer to Potential conflicts of interest, below, for further information on the role and responsibilities of the Independent Director.)
Investment Mandate	DMXAM's mandate for DMXCP is to identify, and invest in, a portfolio of high-quality small sized companies listed on the ASX which have a current market valuation below their assessed intrinsic valuation. Under the Investment Management Agreement, the Manager has discretion to acquire and dispose of investments on behalf of the Company known as Permitted Investments. Permitted Investments may be undertaken without consultation with the DMXCP Board. Any proposed investment that does not fall within the Permitted Investments or any change in the investment mandate proposed by the Manager requires the prior approval of the DMXCP Board which may be withheld in its absolute discretion.
DMXAM's Investment Team	Steven McCarthy , Director, Portfolio Manager and member of the Investment Committee Chris Steptoe , Investment Analyst and member of the Investment Committee Roger Collison , Chairman and Investment Committee chair Michael Haddad , Director, and Investment Strategist on a consultative basis
Management Fee payable by DMXCP	DMXCP is to pay DMXAM a management fee of 1% per annum of the value of its gross assets. The Management fee is payable monthly - 0.0833% per month of the value of the gross assets under management on the last business day of each month. For convenience, this payment is accrued monthly and paid once every three to six months.
Incentive fee payable by DMXCP	An incentive fee will be payable by DMXCP to DMXAM equal to 15% of any percentage increase in the gross asset value (GAV) per Share of DMXCP in excess of the cumulative 30 day Bank Bill Swap Rate (BBSW) return for the period. The GAV is the value of each Share before any fee deductions or accruals and tax and other provisions, except that it shall be calculated after providing for the 1% management fee. It includes any franking credits received or generated. The incentive fee is calculated annually on 30 June of each year, and accrues on a monthly basis. As Shares will be issued at various times throughout the period, the incentive fee will be calculated with reference to the weighted average number of

	<p>Shares on issue for the period, as calculated at 30 June. The incentive fee is also payable (pro-rata) on any Shares redeemed or bought-back at the end of the relevant month.</p> <p>If the GAV per Share declines during the 12 month period, or increases by less than the cumulative 30 day BBSW return for the 12 month period, then no incentive fee is payable and DMXAM will receive no incentive fees.</p> <p>High water mark: The incentive fee high watermark is calculated at the end of the financial year and will remain at that level until the next end of a financial year's performance exceeds it. For an incentive fee to be payable at 30 June of particular year, the GAV per Share at 30 June of that year must be higher than the highest GAV (adjusted for the chain linked 30 day BBSW cumulative return) which generated an incentive fee in a previous year.</p>
Buy/sell spread fee	DMXCP is entitled to a fee of 0.25% of the dollar amount of subscription monies invested in the Company, and funds withdrawn from the Company. This is added to (or subtracted from) the NAV on subscription funds (investor redemptions) upon investment (redemption), and is known as 'spread'.
Reimbursement of Expenses by DMXCP to DMXAM	DMXAM is entitled to be reimbursed by DMXCP in respect of a range of costs and expenses which include, but are not limited to, administration fees, custody fees, legal fees and other expenses directly relating to the management of DMXCP's investment portfolio (excluding trading costs such as brokerage). Aside from the base Management or any Incentive fees, all such administration/general costs are capped at 0.5% pa of DMXCP's gross asset value. DMXAM bears responsibility for expenses over and above this level.
Potential conflicts of interest	<p>There are common directors between DMXCP and DMXAM (Roger Collison and Steven McCarthy), and such Directors are likely to face conflicts of interest in respect of the Company's relationship with the Manager, including in respect of the Investment Management Agreement between DMXCP and DMXAM. In addition, Steven McCarthy has an indirect material personal interest in any fees paid by the Company to the Manager, owing to his shareholding in DMX Corporation, the parent company of the Manager.</p> <p>To manage the potential for conflicts of interest, and in recognition that under section 195 of the Corporations Act, the Executive Directors are unable to vote as Directors in respect of matters in which they have a material personal interest, the Board has, pursuant to section 198D of the Corporations Act, delegated its powers in relation to the Company's relationship with external asset managers, including the Manager and the Investment Management Agreement, to the Independent Director, Dean Morel. These delegated powers include assessing the Manager's performance under the Investment Management Agreement and, if it is in the interests of the Company, exercising the Company's rights under that agreement. The Independent Director will have available to him professional legal and financial advice as appropriate in the exercise of those delegated powers.</p> <p>Mr Morel has reviewed the Investment Management Agreement between DMX Asset Management and DMX Capital Partners and considers it fair and reasonable to the interests of the independent DMX Capital Partners shareholders.</p> <p>For completeness, neither of the Executive Directors receives any remuneration from DMXCP.</p> <p>At a later time, if appropriate, directors who do not have a conflict are entitled under the Corporations Act to allow conflicted directors to participate and vote at meetings.</p>
Related Party Transaction	<p>The agreement between DMX Asset Management and DMX Capital Partners (the Investment Management Agreement) is a related party transaction because of the common directors and because at the time the agreement was entered into the DMX Asset Management and DMX Capital Partners were under common ownership.</p> <p>It is considered that for the purposes of Chapter 2E of the Corporations Act, Section 210 will apply. That is, the essential terms (being fees, responsibilities and tenure) of the Investment Management Agreement are not dissimilar in quantum and scope to most other similar management agreements. Accordingly, the transaction with the related party is made on terms that are considered reasonable (i.e. as if the parties were dealing at 'arm's length') and as such there is no need to seek specific member approval for the agreement.</p>

2.7 Worked fee examples

Set out below are indicative examples of the annual fees payable by DMXCP to DMXAM under different performance scenarios. The Annual Portfolio Performance figures below are hypothetical and should not be relied upon by Investors for any purpose other than to illustrate the annual fees.

Example: Starting portfolio gross asset value of \$6,000,000 and assuming 4,000,000 Shares on issue – being a starting GAV/Share of \$1.50.

Annual Portfolio Performance	Starting GAV/Share (\$)	Ending GAV/Share (\$)	Midpoint GAV/Share (\$)	Hurdle	Under/out-performance of hurdle	Annual Management Fee (\$)	Annual Incentive fee (\$)
-10%	1.500	1.350	1.425	2%	-12%	57,000	Nil
0%	1.500	1.500	1.500	2%	-2%	60,000	Nil
+10%	1.500	1.650	1.575	2%	8%	63,000	48,000

Notes: Based on no new Shares issued, and no Shares bought-back, through the year. Assumes the manager's performance is above the high water mark at the end of the year.

Management Fee calculation:

In accordance with the Investment Management Agreement, management fees are payable monthly based on the month end gross asset value. In the scenarios above the management fee of 1% for the year is calculated based on the midpoint of the gross asset value for the year, for simplicity of illustration, and assumes a steady, constant change in GAV throughout the year, to align the scenarios with a monthly calculation.

Incentive fee calculation:

The 30 Day BBSW on 21 October 2020 was 0.08% per annum. In the scenarios above, a 30 Day BBSW of 2.00% (representing the approximate average 30 BBSW over life of the fund) has been adopted. No incentive fee is paid if the annual gross portfolio return expressed in percentage terms is equal to or less than this BBSW percentage hurdle.

The incentive fee as set out above is therefore calculated as (the starting GAV of \$4,000,000) multiplied by (15% incentive fee) multiplied by (the excess return, being the gross performance return less the 2% performance hurdle).

In addition to the above fees, DMXCP is entitled to a fee of 0.25% of the dollar amount of subscription monies invested in the Company, and funds withdrawn from the Company. The Manager has currently waived its entitlement to buy spread fees on the Applications.

3 DETAILS OF THE OFFER

3.1 Offer overview

DMXCP is offering Eligible Investors the opportunity to participate in its growth. As at October 2020, DMXCP had approximately \$11m of equity capital and management are targeting an ultimate capacity in the \$25m-30m range. The Company intends to 'soft close' to new investors in the medium term.

The Issue Price of the New Shares offered will be the Net Asset Value (**NAV**) per DMXCP Share as determined from month to month by the Manager based on the net asset position of DMXCP (refer Section 1).

For Applications from Eligible Investors received during any month, New Shares will be issued on the first Business Day of the following month or as soon as possible thereafter at an Issue Price equal to the NAV per DMXCP Share calculated on the last Business Day of the month the Application was received.

Due to the limited capacity nature of this investment product, and the Board's desire to have appropriate investors in these limited 'seats', the Board reserves the right at its sole discretion to reject any application for New Shares at any time for any reason.

The Offer is not underwritten.

All New Shares offered under this Information Memorandum will rank equally with Existing Shares. The rights and liabilities of the New Shares offered under this Information Memorandum are summarised in Section 7.

3.2 Subscription

This Offer is available only to persons to whom, or in circumstances where, the issuing of a product disclosure statement is not required under Part 7.9 of the Corporations Act. Eligible Investors include 'wholesale clients' as defined in section 761G(7) of the Corporations Act, and 'sophisticated investors' as defined in section 761GA of the Corporations Act.

If you are investing \$500,000 or more, you will automatically be deemed a wholesale investor and thus an Eligible Investor and no further documentation to support the status is required.

If you are investing less than \$500,000, you must provide an accountant's certificate certifying that you have at least \$2.5m in net assets, or gross income for each of the last two financial years of at least \$250,000 (including controlled entities). (Any controlled entity of an individual who meets this criterion is also an Eligible Investor.)

If you do not meet the above criteria, you may be considered an Eligible Investor if you can demonstrate previous experience in using financial services and investing in financial products that allow you to assess the merits of the product or service; and the value of the product or service; and the risks associated with holding the product; and your own information needs; and the adequacy of the information provided by the product's promoter.

More information on certifying your status is included in the Application Form. For further guidance on your eligibility to invest, please contact us and/or speak with your financial or professional advisers.

The company, at its discretion, can accept up to 20 non-sophisticated investors in any rolling 12 month period up to a maximum investment of \$2 million.

The Company reserves the right to reject any Application that it believes comes from a person who is not an Eligible Investor.

Instructions for subscription are set out in Section 6 and on the Application Form which accompanies this Information Memorandum (Appendix B).

3.3 Proposed use of funds raised

The Directors intend to apply the proceeds from the Offer to augment existing holdings in Portfolio Company investments, as well as potentially fund new investments in line with its investment mandate, as these are identified. If suitable investments cannot be identified, then a proportion of the proceeds may be retained in cash holdings.

Any costs associated with this capital raising are borne by DMXCP but are included within administrative expenses subject to a cap at 0.5% pa of DMXCP's gross asset value. As total administrative expenses (including any costs associated with this offer) remain somewhat in excess of this cap, the likely effect is that any incremental expense will be borne by the Manager (DMXAM) and not DMXCP.

Any capital introductory expenses incurred through the process of raising capital are fully borne by the Manager.

3.4 Potential dilution of Existing Shareholders

Existing Shareholders who do not participate in the Offer will have their holdings diluted. As New Shares are issued at the prevailing net asset value (plus a spread of up to 0.25% to account for frictional costs of investing incoming funds), the Board considers that while an Existing Shareholder's percentage ownership will be diluted if New Shares are issued and the existing shareholder does not participate, per share value is not diluted as shares are issued at full value plus an appropriate spread.

3.5 What to do if you have queries or want extra copies of this Information Memorandum

Further copies of the Information Memorandum are available on request or from DMXAM's website at dmxam.com.au.

4 ACTIONS REQUIRED BY ELIGIBLE INVESTORS TO INVEST

4.1 To subscribe for New Shares

Eligible Investors should read this Information Memorandum in its entirety in order to make an informed decision on the prospects of the Company and the rights attaching to the New Shares offered by this Information Memorandum before deciding to apply for New Shares. If you do not understand this Information Memorandum, you should consult your stockbroker, accountant or other professional adviser in order to satisfy yourself as to the contents of this Information Memorandum.

If you wish to subscribe for New Shares, complete the accompanying Application Form in accordance with the instructions set out on that form.

The Issue Price of the New Shares offered will be the Net Asset Value (**NAV**) per DMXCP Share as determined from month to month by the Manager based on the net asset position of DMXCP.

For Applications received during any month, New Shares will be issued on the first Business Day of the following month or as soon as possible thereafter at an Issue Price equal to the NAV per DMXCP Share calculated on the last Business Day of the month the Application was received.

4.2 Payment methods

The completed Application Form must be accompanied by a cheque, bank draft or money order made payable to 'DMX Capital Partners Limited – Subscription Funds A/C' and crossed 'Not Negotiable' for the appropriate subscription money in Australian dollars. Your cheque, bank draft or money order must be paid in Australian currency and be drawn on an Australian branch of an Australian financial institution. The Company will present the cheque or bank draft on or around the day of receipt of the Application Form. You must ensure that your cheque account has sufficient funds to cover your payment, as your cheque will be presented for payment on receipt. If your bank dishonours your cheque your Application will be rejected. Dishonoured cheques will not be represented.

Alternatively, the appropriate subscription money may be directly deposited into the Company's account at:

BSB: 067 167

Account No. 1779 3478

You must ensure you are appropriately identified on the description of the bank deposit. You must still provide a completed Application Form to the Company.

If the amount of your cheque(s), bank draft(s), money order(s) or bank deposit(s) for subscription money (or the amount for which those cheque(s), bank draft(s) or bank deposit(s) clear in time for allocation) is insufficient to pay for the number of New Shares you have applied for in your Application Form, you may be taken to have applied for such lower number of New Shares as your cleared Application money will pay for (and to have specified that number of New Shares in your Application Form) or your Application may be rejected.

The Application Form must be received at the following address by no later than 5.00 pm AEST on the Closing Date:

**DMX Capital Partners Limited
PO Box 916
Milsons Point NSW 1565**

4.3 Application Form is binding

A completed and lodged Application Form together with a cheque, bank draft, money order or bank deposit for the Application moneys constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Information Memorandum and, once lodged, cannot be withdrawn.

By completing and returning your Application Form with the requisite Application monies, you will be deemed to have represented that you are an Eligible Investor. In addition, you will also be deemed to have represented and warranted on behalf of yourself or each person on whose account you are acting that the law in your place of residence and/or where you have been given the Information Memorandum, does not prohibit you from being given the Information Memorandum and that you:

- (a) agree to be bound by the terms of the Offer;
- (b) declare that all details and statements in the Application Form are complete and accurate;
- (c) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Application Form;
- (d) authorise the Company and its respective officers or agents, to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Company's share registry upon using the contact details set out in the Application Form;
- (e) declare that you are an Australian or New Zealand resident, and you are not in the United States or a US Person, or acting for the account or benefit of a US Person;
- (f) acknowledge that the information contained in, or accompanying, the Information Memorandum is not investment or financial product advice or a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs; and
- (g) acknowledge that the New Shares have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia and New Zealand and accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws in particular the US Securities Act.

The Application Form does not need to be signed to be a valid Application. An Application will be deemed to have been accepted by the Company upon allotment of the New Shares.

If the Application Form is not completed correctly or if the accompanying payment of the Application moneys is for the wrong amount, it may still be treated as a valid Application for New Shares. The Directors' decision whether to treat an Application

as valid and how to construe, amend or complete the Application Form is final. However, an Applicant will not be treated as having applied for more Shares than is indicated by the amount of the cheque for the Application moneys.

4.4 Privacy

The Company collects information about each Applicant provided on an Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related body corporate, agents, contractors and third party service providers, including mailing houses and professional advisors and regulatory authorities.

If an Applicant becomes a Shareholder, the Corporations Act requires the Company to include information about the Shareholder (including name, address and details of the Shares held) in its public register. The information contained in the Company's public register must remain there even if that person ceases to be a Shareholder. Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application. An Applicant has the right to gain access to the information that the Company holds about that person subject to certain exceptions under law. A fee may be charged for access. Such requests must be made in writing to the Company's registered office.

5. FOREIGN INVESTORS

5.1 Offer outside Australia and New Zealand

This Information Memorandum does not constitute an offer of securities in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Information Memorandum or make the Offer. No action has been taken to register or qualify the New Shares or the Offer or otherwise to permit an offering of the New Shares in any jurisdiction outside Australia and New Zealand.

Recipients must not send or otherwise distribute this Information Memorandum or the Application Form to any person outside Australia or New Zealand (other than to Eligible Investors).

5.2 Beneficial holders, nominees, trustees and custodians

The foreign selling restrictions under the Offer summarised in Section 6.1 of this Information Memorandum apply to the prospective underlying beneficial holder of the New Shares. Nominees, trustees and custodians must not apply on behalf of any beneficial holder that would not itself be an Eligible Investor. Applicants who are nominees, trustees or custodians are advised to seek independent advice as to how they should proceed. Shareholders who hold Shares on behalf of persons whose registered address is not in Australia or New Zealand are responsible for ensuring that applying for New Shares does not breach securities laws in the relevant overseas jurisdictions.

6. TAXATION AND DUTY IMPLICATIONS

6.1 Introduction

This Section 6 provides a general overview of the Australian tax implications of investing in the Company, based on current tax law and practice. The comments relate only to Shareholders who hold their Shares on capital account. Different tax implications apply to Shareholders whose Shares are held as part of a business of investing or trading for profit, for profit making purposes, or otherwise on revenue account.

The comments are general in nature on the basis that the tax implications for each Shareholder may vary depending on their particular circumstances. As such, the comments are not intended as a substitute for investors obtaining independent tax advice in relation to their personal circumstances. Accordingly, it is recommended that each Shareholder seek their own professional advice regarding the taxation implications associated with the Offer.

6.2 Income tax position of the Company

The Company will be taxed as a company at the prevailing company tax rate (currently 27.5%).

The Company will be required to maintain a franking account and may declare franked dividends to Shareholders.

The Directors intend to frank dividends to the maximum extent possible.

6.3 Income tax position of Australian resident Shareholders

A general outline of the tax implications associated with the Offer for Australian resident Shareholders who hold their Shares on capital account is set out below.

6.3.1 Disposal of Shares

The tax implications of a disposal of the Shares will depend on the form of the disposal.

a) Sale to a third party

As mentioned in section 3.1, the Company is a public unlisted investment company and New Shares issued will not be quoted or tradeable on any stock exchange. As such, the Shares in the Company may not have a liquid market for disposal to a third party.

However where the Shares are sold to a third party, Shareholders should derive a taxable capital gain where the capital proceeds that are received as a result of the disposal exceed the cost base of the Shares. Likewise, Shareholders should generally incur a capital loss where the reduced cost base of the Shares exceeds the capital proceeds.

Provided Shareholders (other than corporate Shareholders) have held their Shares for 12 months prior to the disposal, the CGT discount concession may be available in relation to any capital gain arising as a result of the disposal. Where this concession applies, any such capital gain will be reduced (after applying capital losses) by the following discount percentages:

1. 50% for an individual or trust; or
2. 33.33% for a complying superannuation entity.

b) Share buy-back

As mentioned in section 7(f), to provide Shareholders with a possible avenue of disposing of their Shares, the Directors have in place a selective buy-back facility which will enable the Company, should it agree to do so in response to Shareholder requests, to buy back Shares. The facility requires annual extension and the Company intends to apply to ASIC annually to extend the facility.

Where a Shareholder's Shares are bought back by the Company, part of the proceeds received by the Shareholder may be treated as a dividend to the extent that the proceeds exceed the capital component of the Shares. Broadly, and subject to certain integrity provisions, the capital component of each Share is the amount debited by the Company against the Company's share capital account in respect of the Share.

The amount treated as a dividend will be included in the Shareholder's assessable income and taxed at their relevant marginal rate. The capital component will be treated as capital proceeds for the purposes of calculating the Shareholder's capital gain or loss on disposal.

6.3.2 Dividends

Dividends received by Shareholders should be included in the assessable income of Shareholders. Generally, Shareholders will be taxed on the dividends at their relevant tax rate or marginal tax rate.

Generally, to the extent that the dividends are franked, an amount equal to the franking credits attaching to the dividends will be included in the assessable income of the Shareholder. Further, Shareholders will generally be entitled to a tax offset equal to the amount of the franking credits on the dividend (i.e. Shareholders will effectively get a tax credit for the corporate tax paid in respect of the underlying profits).

Certain Shareholders (including individuals and complying superannuation entities) may be entitled to a refund of 'excess franking credits' where their tax offset in respect of the franked dividends exceeds their tax liability. For example, the income tax rate for complying superannuation entities is 15%. Complying superannuation entities generally obtain a tax offset from franked dividends against the entity's income tax liability, and any excess franking credits may be fully refunded.

6.4 Australian Income tax and New Zealand resident Shareholders

New Zealand Shareholders in the Company may be subject to Australian withholding tax on any unfranked dividends paid by the Company. Currently, the applicable withholding tax rate is 15%. No withholding tax currently applies to franked dividends.

New Zealand Shareholders should not be subject to Australian capital gains tax on disposing of their Shares unless:

- a) the Shares were capital assets held in carrying on a business through a permanent establishment in Australia; or

b) the New Zealand Shareholder together with their associates held, or had an option or right to hold, 10% or more of the Shares in the Company at the time of the disposal or throughout a 12 month period during the 2 years prior to the disposal, and the majority of the Company's assets are comprised (directly or indirectly) of interests in taxable Australian real property. The Manager expects that the Company will not have such interests in taxable Australian real property.

The above commentary does not cover any New Zealand tax implications. New Zealand investors should seek their own tax advice on the New Zealand tax implications of investing in the Company.

6.5 Goods and Services Tax (GST)

Shareholders should not be liable to GST in Australia in respect of the acquisition of Shares under the Offer. Shareholders may not be entitled to input tax credits (GST credits) for GST incurred on costs associated with the acquisition of Shares under the Offer.

6.6 Stamp duty

Shareholders should not be liable to stamp duty in Australia in respect of the acquisition of Shares under the Offer.

7. RIGHTS AND LIABILITIES ATTACHING TO NEW SHARES

The New Shares issued will be fully paid and rank equally with Existing Shares. Full details of the rights and liabilities attaching to the Shares are:

- detailed in the Constitution, a copy of which can be inspected, free of charge, at the registered office of the Company during normal business hours; and
- in certain circumstances, regulated by the Corporations Act, and the general law.

The following is a summary of the more significant rights and liabilities attaching to the Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

(a) Share capital

Subject to the Constitution, and Corporations Act, the directors of DMXCP may issue, or grant options in respect of, Shares on such terms as the directors think fit. DMXCP may issue preference shares, including preference shares that are liable to be redeemed.

(b) Voting rights

At a general meeting of DMXCP, every Shareholder present in person, by an attorney, representative or proxy has one (1) vote on a show of hands and one (1) vote on a poll for each fully-paid Share that that Shareholder holds. A partly paid share in the issued capital of DMXCP will entitle its holder to, on a poll, a fraction of a vote equal to the proportion that the total amount paid, or credited as paid on that share bears to the total amount paid, credit and payable on that Share.

Where, in respect of a resolution, there is an equality of votes, the Chairperson of the meeting will have the casting vote.

(c) Dividend rights

Subject to the Corporations Act, the directors of DMXCP may resolve to pay dividends on the Shares as the financial position of DMXCP justifies.

Dividends in respect of any partly-paid share issued in the capital of DMXCP will be paid proportionately to the amount(s) paid (not credited) on that Share.

(d) Rights on winding-up

If DMXCP is wound up:

- any surplus assets of DMXCP will, subject to the Constitution and any rights or restrictions attached to any Shares issued by DMXCP, be divided among the shareholders of DMXCP in proportion to the number of Shares held by them in DMXCP (reduced by any amount unpaid on those Shares); and
- the liquidator may, with the authority of a special resolution, divide the property of DMXCP amongst its shareholders in kind and determine how the division is to be carried out as between the shareholders or different classes of shareholders.

(e) Transfer of Shares

Shares in DMXCP may be transferred freely, subject to the requirements of the Constitution and the Corporations Act, and the proposed transferor finding a buyer. The directors of DMXCP may refuse to register a transfer of DMXCP Shares.

(f) Selective Share buy-backs

To provide Shareholders with a possible avenue of selling their Shares, the Company has in place a selective buy-back facility which will enable the Company, should it agree to do so in response to Shareholder requests, to buy back Shares. The facility expires annually but the Company has and intends to continue applying to ASIC on an annual basis (subject to shareholder approval) to extend the facility.

Some other provisions relating to the current Buy-back facility – These are subject to change as determined by the Directors

Minimum buy-back parcel size

Shareholders will not be allowed to have a parcel of Shares bought back if the value is less than \$25,000 (unless the total holding is worth less than \$25,000). If a buy-back request would result in the value of a Shareholder's remaining investment in DMXCP falling under \$25,000, DMXCP may treat the Shareholder's request as a request that DMXCP buy-back all of its Shares.

Limit to Shares the Company can Buy-back

The maximum number of Shares that the Company will buy back, either as a result of the Buy-back Facility or as a result of any other buy-back by the Company, during the 12 months before the date on which the Company buys back any Shares will not exceed 20% of the smallest number of votes attaching to Shares on issue at any time during the 12 months before the date on which the Company buys back the Shares.

Treatment of lapsed offers

Offers by eligible shareholders for the Company to buy-back their Shares (Applications) which are not accepted by the Company will lapse, and the Applications will not be carried forward to be considered by the Company in later months – if a Shareholder wishes to have their Shares bought back, but an Application has lapsed, the Shareholder will need to make a new Application.

Buy-back acceptances

DMXCP is under no obligation to accept any Share buy-back requests by Shareholders, and may refuse in whole or in part any such request in its absolute discretion.

Selective buy-back process and cut-off times

DMXCP will use its best endeavours to consider and process Share buy-back requests monthly. Buy-back requests should be made in writing and posted to DMXCP (address details are contained in the Directory).

If and to the extent that a selective Share buy-back request is accepted by DMXCP, if the request is received by the Company by 5:00pm (Sydney time) on the last Business Day of the month and the buy-back price will generally be paid to the relevant Shareholder by the 15th Business Day after the selective buy-back.

The price payable per Share under a selective Share buy-back will be the Net Asset Value (**NAV**) of DMXCP less 0.25% of NAV (being the 'buy/sell spread' fee payable to DMXCP) divided by the number of Shares on issue, in each case as at the last Business Day of the month of the date of the buy-back. The NAV is calculated after deducting all fees, tax and other accruals and provisions but includes an estimate of franking credits available.

Applications received later than 5:00pm on the last Business Day of the month will, if and to the extent accepted, receive the following month's closing Share price.

Staggering of Share buy-backs

DMXCP may scale back buy-back requests to limit the proportion of DMXCP's share capital to be bought back and defer the unaccepted requests by treating them as though they were received in the following months.

(g) Suspensions

DMXCP may suspend Applications for, or selective buy-backs of, Shares (or both) as permitted under the Constitution or at law. The Share price applicable to Applications and selective Share buy-back requests received during a suspension period will be the price first determined after the suspension is lifted.

If DMXCP refuses to accept an Application or buy-back request, or suspends Applications or selective Share buy-backs requests, it will advise the affected Investors or Shareholders as soon as practicable.

(h) Governing law

The Offer and each contract formed upon the receipt by DMXCP of an Application are governed by the laws of the State of New South Wales, Australia. By submitting an Application to DMXCP, each Applicant submits to the non-exclusive jurisdiction of the courts of New South Wales and the relevant appellate courts.

(i) **Variation of rights attaching to Shares**

The rights attaching to any class of Shares in DMXCP may only be varied or cancelled by a special resolution passed at a separate meeting of the holders of the shares of that class, or, with the written consent of the holders of 75% of the shares of that class.

(j) **General meeting**

Each shareholder, director and the auditor of DMXCP is entitled to receive notice of, and to attend, general meetings of DMXCP.

8. RISK FACTORS

The New Shares offered under this Information Memorandum are considered highly speculative. This Section describes some of the potential risk factors associated with the Company, its business and an investment in the Company. The Company is subject to a number of risks both specific to the Company's business activities and of a general nature, which may either individually or in combination adversely impact the future operating and financial performance of the Company, its investment returns and the value of its New Shares.

Investors should note that this Section does not purport to list every risk that may be associated with an investment in New Shares now or in the future, and the occurrence or consequences of some of the risks described in this Section are partially or completely outside the control of the Company, its Directors and management. There can be no guarantee that the Company will achieve its stated objectives or that any forward-looking statement or forecast will eventuate.

The selection of risks has been based on an assessment of a combination of the probability of the risk occurring and the impact of the risk if it did occur. The assessment is based on the knowledge of the Directors as at the date of this Information Memorandum, but there is no guarantee or assurance that the importance of risks will not change or that other risks will not emerge.

Before applying for New Shares, any prospective investor should satisfy themselves that they have a sufficient understanding of these matters, including the risks described in this Section, and should consider whether New Shares are a suitable investment for them having regard to their own investment objectives, financial circumstances and taxation position. If you do not understand any part of this Information Memorandum, or are in any doubt as to whether or not to invest in New Shares, it is recommended that you seek professional guidance from your broker, lawyer, accountant, taxation adviser, financial adviser or other independent and qualified professional adviser before deciding whether to invest.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

8.1 Risks specific to an investment in the Company

- (a) The net asset value of DMXCP may rise or fall because of its financial performance. The future earnings of DMXCP or the capital appreciation of its investments cannot be guaranteed. The success and profitability of DMXCP will depend in part on the ability of DMXAM to manage DMXCP's investment portfolio and to undertake investment opportunities that have the potential to increase in value over time. The value of investments made by DMXAM on behalf of DMXCP and the net asset value of DMXCP may fall or rise over time.
- (b) The assets of the Company are listed investments, so the net asset position of the Company is dependent on and subject to movements in the share price of each investment.
- (c) DMXCP's primary business function is to make investments into nano, micro and small-cap ASX listed entities, which in itself is speculative. The performance of DMXCP's investments may not live up to the expectations of the Manager, which could significantly affect the NAV of DMXCP and the price of its Shares accordingly.
- (d) As far as its investments are concerned, DMXCP concentrates its available capital into a small number of investments at any one time and intends to hold between 30 to 40 high-quality small companies listed on the ASX. Each Core Portfolio Company investment is expected to represent, at the time of investment, up to 10% of DMXCP's net assets, however, no single Portfolio Company investment will comprise, at the time of investment, more than 30% of DMXCP's net assets. Due to this concentration, the Company's investment portfolio is not highly diversified. Therefore, Shareholders are more exposed to the risk and reward of each Portfolio Company, its performance and the movements in its share price, than they otherwise would be by investing in a more diversified investment company. In particular, Shareholders are relatively more exposed to external and internal factors affecting each Portfolio Company, including economic, regulatory, market, cost inflation and competition risks affecting the industry in which the Portfolio Company operates, as well as risks associated with the Portfolio Company's own strategy, its execution of that strategy and ultimately its performance. Consequently, poor performance by one Portfolio Company has a greater potential to negatively impact the assets and earnings of DMXCP than it would in a more diversified portfolio.

- (e) The successful operation of DMXCP is dependent, to a significant extent, upon the performance and expertise of a small number of key staff of the Manager, DMXAM and the Company. Should those key staff leave, the investment performance of DMXCP may be significantly adversely affected.
- (f) DMXCP is entitled to terminate the Investment Management Agreement if the Directors of DMXCP reasonably come to the view that DMXAM is unable or unwilling to perform its obligations under the Investment Management Agreement, and DMXAM fails to rectify the breach of its obligations within 20 Business Days of receiving notice from the Company.

Under the Investment Management Agreement, DMXCP is entitled to terminate the agreement on six months' notice for any reason.
- (g) With regards to the termination of the Investment Management Agreement, the fact that DMXCP and DMXAM have common directors means that there is the potential for an apprehended bias to develop regarding the exercise of this decision. Whether this develops into a real bias will depend on the Board's integrity at the time. The Board proposes to deal with this issue, when it eventually arises, by deferring decisions to the independent director, Dean Morel, and/or through seeking independent legal or other expert advice.
- (h) The performance of the Company may differ materially from the past. There is no guarantee that the Company will make any profit in the future. The Company may make losses in the future.
- (i) The ability to attract new equity capital will influence the ability of DMXCP to grow its current assets, to make new investments and also the degree to which overhead costs are covered. The ability of DMXCP to raise additional equity will be influenced by many factors including equity market conditions, the willingness of existing and new shareholders to increase the size of investment and the investment performance of DMXCP over time.
- (j) Currently two of the Directors of DMXCP and DMXAM are common and as such there is the potential for an apprehended bias to develop. Whether this develops into a real bias will depend on the then Board's integrity. The Board proposes to deal with this issue, when it eventually arises, either by having a different Board structure in place at that time or through seeking independent legal or other expert advice.

8.2 General risks

- (a) General economic conditions: the operating and financial performance of the Company is influenced by a variety of general domestic and world economic and business conditions, inflation, interest rates, exchange rates, access to debt and equity capital markets, and government fiscal, monetary and regulatory policies. A prolonged deterioration in any number of the above factors may have a material adverse effect on the investment activities and the financial performance, financial position, cash flows, distributions, growth prospects and share price of the Company.
- (b) Force majeure events: events such as acts of terrorism, an outbreak of international hostilities or natural disasters may occur within or outside Australia that have an impact on the Company's investments. Any such force majeure events may have a negative impact on the value of an investment in Shares in the Company.
- (c) Further funding requirements: there can be no assurance that the Company's objectives can be met without further financing or, if further financing is necessary, that it can be obtained on favourable terms or at all. If additional funds are raised by issuing equity securities, this may result in dilution of some or all of the then existing shareholders of the Company.
- (d) A change to current taxation legislation and regulations in Australia or overseas may affect the Company and as a consequence, its Shareholders. The personal tax liabilities of each individual investor are the responsibility of that investor and the Company is not responsible for either taxation or penalties incurred by investors.

8.3 Risks associated with holding Shares

- (a) Liquidity of Shares: there is currently no public market through which the Shares of the Company may be sold. There can be no guarantee that an active market in Shares will develop or that the price of Shares will increase.
- (b) Additional capital and risk of dilution: the Company may elect to issue Shares in connection with fundraising, to finance its continued growth or other future developments. The amount and timing of additional financing needs will depend principally on the amount of cash flow from the Company's operations.
- (c) No guarantee of dividends or franking credits: there is no guarantee that dividends will be paid on Shares in the future as this is a matter that depends on the financial performance of the Company. Similarly there is no guarantee that any dividends will be franked. The ability of DMXCP to pay dividends will depend on the dividends received from its investments and the overall performance of those investments. The portfolio investments undertaken by DMXCP may pay no dividends or may perform badly, in which case DMXCP may not be in a position to pay dividends. Similarly the ability of the Company to frank any dividends will depend on the availability of franking credits.

Potential Investors should consider that the investment in the Company is speculative and should consult their professional advisors before deciding whether to subscribe for the New Shares pursuant to this Information Memorandum.

9. WHO ARE THE DIRECTORS AND HOW WILL THEY CONTRIBUTE TO THE COMPANY'S PERFORMANCE?

The directors of DMXCP are:

Roger Collison, Chairman

Roger is an experienced Investment Analyst and Fund Manager, having previously been a Director at Credit Suisse; and Head of Research at Tyndall Asset Management. Roger also has extensive governance experience both in the private and not-for-profit sectors. As Chairman, Roger brings much-valued institutional-grade structure, insight, and experience to bear in both the oversight of our investment management function, as well as the governance of our business. In addition to lending his experience and perspective to the DMXAM team, Roger continues to be active with a number of other external governance roles, as well as actively managing a private investment fund with a focus on value-opportunities on the ASX. Roger is Sydney based.

Roger has an honours degree in economics from the University of Sydney, an MBA (AGSM), and a Graduate Diploma in Applied Finance (SFFin). He is a CFA Charterholder and a Fellow of the Governance Institute of Australia. .

Roger has been a Director of DMXCP since 2015.

Steven McCarthy, Director

Steven is a qualified accountant and has over 20 years' experience in funds management, corporate finance, business valuation and advisory roles, with extensive analytical, valuation, financial and commercial due diligence and corporate advisory skills.

He has had experience across a variety of industries with particular expertise in assessing the performance, future prospects and valuations of small to medium sized, listed and unlisted companies. Steven has also been involved in the preparation of a large number of Independent Accountant Reports and Independent Expert Reports in relation to ASX takeovers, merger and acquisition and IPO transactions. Steven has also led due diligence teams on behalf of private equity funds, multi-nationals and ASX listed companies in relation to potential acquisitions. These assignments generally involved extensive review and analysis of the businesses historical and forecast financial performance, industry outlook and competitive positioning. Steven has previously worked for PPB Advisory and BDO Corporate Finance in senior roles.

Steven's knowledge of the ASX small cap company sector and his experience in undertaking research and due diligence on companies within this sector is beneficial to the Manager and the Company in identifying potential Portfolio Company investment opportunities. This is his primary responsibility. Steven uses his valuation expertise to assess whether potential Portfolio Company investments offer attractive value characteristics, by investigating factors such as earnings history, earnings momentum and earnings forecasts, revenue and cost drivers, balance sheet items and net asset valuations.

Steven has a Bachelor of Commerce (Accounting and Finance), and a Bachelor of Arts (Economics), and is a CPA.

Steven has been a Director of DMXCP since 2015.

Dean Morel, Independent Director

Dean has over 30 years' investment experience in Australian and international equity and derivative markets. As Chief Investment Officer of an investment trust for the last 15 years he has developed considerable security analysis, asset allocation and portfolio management skills.

Dean has extensive understanding of business processes, integration and solutions across a broad range of industries. While working for SAP Australia and UK he designed and implemented medium to large scale business enterprise systems and provided strategic consulting and systems auditing services to diverse companies, ranging from Fortune 500 to medium size enterprises.

Dean has a Bachelor of Applied Science and a Masters of Applied Finance.

Dean has been a Director of DMXCP since 2017.

10. HOW TO APPLY

10.1 Accepting the Offer

Applications under the Offer can be made by completing and submitting the Application Form enclosed at **Appendix B** to the Company:

- by email to steven.mccarthy@dmxam.com.au; AND
- with the **original** by post to

DMX Capital Partners Limited
PO Box 916
Milsons Point NSW 1565

Applications for New Shares will not be processed until the original Application Form is received.

The Issue Price of the New Shares offered will be the Net Asset Value (**NAV**) per DMXCP Share as determined from month to month by the Manager based on the net asset position of DMXCP.

For Applications from Eligible Investors received during any month, New Shares will be issued on the first Business Day of the following month or as soon as possible thereafter at an Issue Price equal to the NAV per DMXCP Share calculated on the last Business Day of the month the Application was received.

The Board reserves the right to reject any Application or to allocate any Applicant fewer Shares than the number applied for. Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus Application Money will be refunded without interest to the Applicant as soon as possible after the decision to reject the Application is taken.

Eligible Investors who wish to obtain further information regarding the Offer or DMXCP should contact:

Steven McCarthy
Director & Portfolio Manager, DMX Capital Partners Limited
Email: steven.mccarthy@dmxam.com.au
Mobile: 0403 869 632

10.2 Subsequent investments

The issue price for a Share will be the NAV of DMXCP (as calculated on the last Business Day of each calendar month) divided by the number of Shares on issue at the time of allocation. By applying for Shares, an Investor agrees to be bound by the terms of the Constitution, as amended from time to time, whilst the Investor remains a Shareholder.

Shares will be issued on the first Business Day of the month following the date the Application is received or as soon as possible thereafter and will be allotted at the Share price calculated on the last Business Day of the month the Application is received.

Existing Shareholders that wish to subscribe for further Shares do not need to complete and submit the enclosed Application Form. However, notification must be given to DMXCP in writing specifying the Shareholder's existing investor number and the further amount that it proposes to invest in DMXCP.