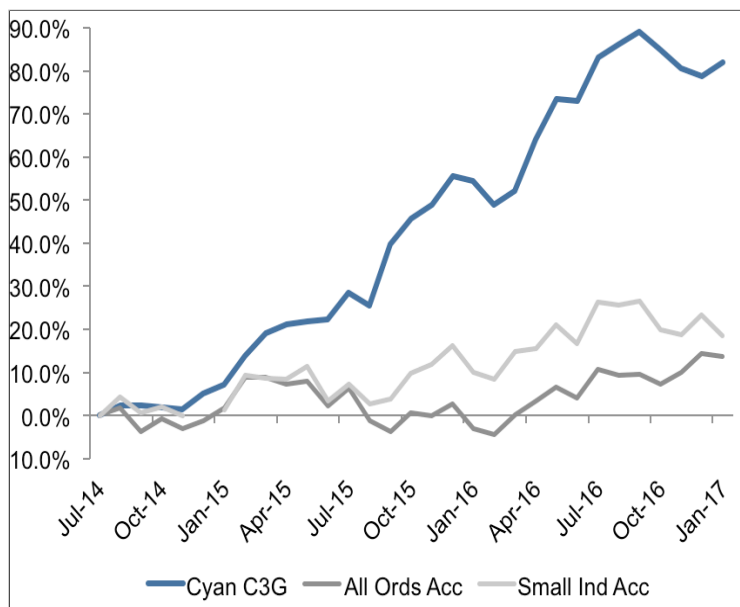


Cyan aims to invest in the most promising and highest quality smaller companies listed on the ASX.

C3G Fund Update 31 January 2017



Fund Incep: 24 Jul 2014	1.000		
Unit price: 31 Jan 2017	1.659		
Performance	Cyan C3G	All Ords Acc	Small Ind Acc
1 mth	1.9%	-0.8%	-3.8%
6 mths	-0.5%	2.6%	-6.2%
1 Year	18.0%	17.1%	7.7%
2 Year (p.a.)	30.4%	5.6%	8.2%
Since Incep (p.a.)	26.8%	5.1%	7.0%
Volatility	11.7%	12.6%	13.8%



We are pleased to report that the Fund delivered a 1.9% gain in January, well ahead of the Small Industrials Index that fell 3.8% for the month.

The Australian equities market, in our opinion, remains challenging, particularly at the smaller end. Over the past 4 months there has been a notable rotation in investor sentiment from smaller to larger companies. Since October 2016 the Small Ords has retraced 5.6% whilst the ASX 200 has gained 4.1%.

We have also seen, to a certain extent, resurging interest for mining companies with the Small Resources Index gaining 10.8% since October, whilst the Small Industrials index has fallen 7.3% over the same period.

The recent index movements are of course a result of short-term shifts in sentiment. These have been fuelled by well-publicised macro events such as the “Trump led spending boom” and micro, stock-specific events.

Notably a number of the high PE small industrial growth companies have delivered negative outlook reports. These included Aconex (ACX), Bellamy’s (BAL), GBST (GBT), Sirtex Medical (SRX), Virtus Health (VRT), Servcorp (SRV) and OFX Group (OFX) all of which have endured falls of between 20 and 60%. Thankfully the C3G Fund was not invested in any of the companies that downgraded. More generally speaking, this resulted in a broader sell-off of industrial growth companies on the back of a PE de-rating.

Given the C3G Fund is only marginally behind (-0.5%) over 6 months, we think is a credible outcome in light of the unfavourable market backdrop.

At Cyan, we search for growth, and although this has presented short-term challenges we remain resolute in our investment philosophy and see the current market positioning as an opportunity to build high-quality long-term investment positions.

January Review

The positive Fund result in the month can be attributed to the following:

Bubs (BUB): This early-stage infant milk and food producer listed in early January. Within its first few days of trading the share price appreciated strongly (up 300% at one point) on high volume to the point where it was trading well above our valuation. We opportunistically exited the position over the course of the month.

Axesstoday (AXL): This recently listed equipment finance provider is still in the early stages of its growth phase. We see earnings upside through increased access to capital in its core business and expansion into new segments. It closed January up 34% on its IPO price.

Afterpay (AFY): This ‘fintech’ company continues to deliver phenomenal growth across all metrics. Share price volatility will always be a risk, but the path to further growth is supported by recently secured funding, on which the return on capital is outstanding. We continue to believe that there is significant share price upside over the medium term.

Money3 (MNY): The combination of improved management, strategic repositioning and growth capital has reignited our interest in MNY. Over the next 3 years we forecast double-digit compound profit growth on improved capital returns with a high proportion of reinvested earnings.

We had no major negative contributions for the month but our two poorest performers were:

Abundant Produce (ABT): Although only a small position in our Fund, ABT’s share price fell 17% in January on small trading volumes. We continue to believe this business will begin to commercialise its expanding suite of intellectual

property in the breeding of food crops. We marginally increased our investment in January on the price weakness.

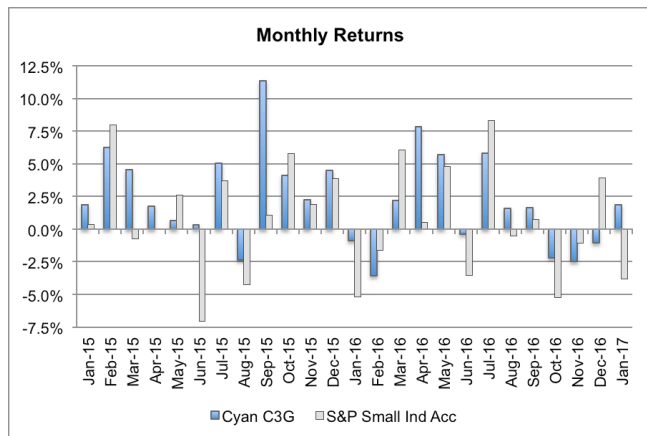
Skydive the Beach (SKB): The share price drop of 5% over the month was not driven by any company-specific news and we retain our positive long-term view on this growing adventure tourism business. We expect SKB's 1H17 result to be at least in-line or ahead of expectations.

Outlook

February is all about reporting season. The vast majority of smaller companies report their earnings in the second half of the month and we look forward to running the ruler over the numbers and meeting with management of all our investee companies.

We would like to think the results season will reiterate the strong underlying performance of our investee companies and contribute to further price appreciation.

Of course we have little control over market sentiment which has certainly not favoured the small cap sector of late. However history has proven that this sentiment can suddenly reverse, sometime in the matter of a week.



Importantly, the longer-term track record of the Fund remains outstanding. Over the past two years the C3G Fund has exceeded comparable indices by 20%+ p.a. and has achieved this with lower volatility (i.e. risk).

Despite some new stocks, the Fund still contains around 50% in cash and hence is well placed to take advantage of further price declines when we see attractive opportunities or when the present uncertainty clears.

At Cyan, we will also meet with management teams of potential new investments during reporting season. We are seeing a number of emerging businesses well positioned to continue their strong performances and hope the positive start to the new year will continue.

The vast majority of our larger positions contain our preferred characteristics of high return on equity, strong cash conversion and below average dividend payout ratios, which positions them well to deliver ongoing earnings growth and share price appreciation.

We thank all our investors for your support and look forward to keeping you all updated with the Fund's progress.

As always we are contactable in person if investors wish to discuss any aspect of their investment in the Cyan C3G Fund.

Dean Fergie and Graeme Carson

To invest in the Cyan C3G Fund online click here:

<http://www.cyanim.com.au/cyan-c3g-fund-investment-processing-via-olivia123/>



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Past performance is not a reliable indicator of future performance. The Total Returns of the Cyan C3G Fund over specified periods are shown above. This document contains information regarding Total Returns to 31 January 2017. Total Returns are calculated after taking into account performance fees. A performance fee of 20.5% is payable quarterly on any excess performance (after deducting the Management fee) above the quarterly benchmark of 2.5%. A performance fee is only payable where the Fund has exceeded both the benchmark and high water mark

The Total Return performance figures quoted are historical, calculated using end of month mid prices and do not allow the effects of income tax or inflation. Total Returns assume the reinvestment of all distributions. The performance is quoted net of all fees and expenses. The Indices do not incur these costs. This information is provided for general comparative purposes. Positive returns, which the Fund is designed to provide, are different regarding risk and investment profile to index returns. This document is for general information purposes only and does not take into account the specific investment objectives, financial situation or particular needs of any specific recipient. As such, before acting on any information contained in this document, recipients should consider the appropriateness of the information to their needs. This may involve seeking advice from a qualified financial adviser. Cyan Investment Management Pty Ltd (AFSL 453209) is the issuer of the Cyan C3G Fund. A current IM is available from Cyan Investment Management Pty Ltd, located at 17/31 Queen Street, Melbourne VIC 3000. A person should consider the IM before deciding whether to acquire or continue to hold an interest in the Cyan C3G Fund. Any opinions or recommendation contained in this document are subject to change without notice and Cyan Investment Management Pty Ltd is under no obligation to update or keep any information contained in this document current. Cyan Investment Management Pty Ltd holds AFSL 453209.